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Herald And Cribine. PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

London, Thursday, January 15, 1998

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Algeria Bars EU Visit To Discuss Slaughter

'Low-Level' Delegation Not 'Appropriate' Despite Earlier Indications of Welcome



Ahmed Attaf, Algeria's foreign minister, rejecting the EU mission.

Washington Adamant:

Only UN, Not Baghdad,

Can Choose Inspectors

By Brian Knowlton

WASHINGTON - The United Na-

tions Security Council on Wednesday

deplored the Iraqi failure to allow an

search for weapons in Baghdad and

cess," but American officials said that

their patience with diplomacy was wearing thin.
The United States is "increasingly

exhausting" available diplomatic means to resolve the continuing crisis,

said Michael McCurry, the White

The chief U.S. delegate to the United

Nations, Bill Richardson, welcomed the

UN declaration but added, "My op-

In what appeared to be an effort to

fashion a diplomatic exit from the crisis,

sparked by Iraqi complaints that Amer-

icans dominate the inspection teams, Mr. McCurry said the United States was

not insisting on the "presence of any U.S. national" on the teams.

cided solely by the United Nations on

The State Department spokesman, meanwhile, said that he had not in-

tended to signal a more flexible U.S.

position on the composition of the teams

when he told the International Herald

Tribune on Tuesday that ''our problem

is not nationalities; our problem is pro-

The spokesman, James Ruhin, when

asked by the Reuters news agency about

the report of "new flexibility" on the

issue of the teams' composition, re-

sponded: "There's nothing to that. It is

just an interpretation. I wasn't meaning

to suggest anything new."
He added, "I strongly deny" that
there has been a shift in the U.S. po-

timism is waning considerably."

But he insisted again that any change in the teams' composition would be de-

the grounds of technical competence and

fessional competence.'

would not be made to appease Iraq.

urged Iraq to allow 'unfettered ac-

House spokesman.

Diplomacy

By Craig R. Whitney New York Times Service

PARIS - The Algerian government said Wednesday that it would reject a mission the European Union wants to send during the weekend to see what can be done to stop the six-year slaughter of tens of thousands of civilians in clashes between government forces and Islamic

Anticipating sensitivity by beleaguered authorities in the former French colony, the Europeans had received in-dications that mid-level foreign ministry officials from Luxembourg, Britain and Austria would be welcome in Algiers if they wanted to talk about the government's efforts to combat terrorism. But Wednesday, the Algerians barred

"This is a low-level delegation which is not appropriate to discuss important matters that could have been discussed," Algeria's foreign minister, Ahmed Attaf, said in Algiers.
"We have recently been faced with reservations and hesitations from our

European partners and we have been told that the EU is not ready to offer help in dealing with combating terrorism.

These elements take away the meaning and the substance of the mission and make it far away from what we wished from dialogue with the Europeans."

On Iraq Tries Officials in Paris, which has deferred to its European partners because Algeria U.S. Patience is still touchy about dealing with the French 36 years after winning its in-dependence, said France would not object to a high-level mission if the Algerians would agree to receive it, but expressed doubt that they would

Enropean foreign ministers will discuss what they can do about the ongoing slaughter, if anything, at their next reg-ularly scheduled meeting in Brussels on Jan. 26, British officials said.

The Algerian authorities have said that recent massacres of hundreds of civilians in the western mountains and in suburbs south of Algiers during the

See REBUFF, Page 6



South Koreans stacking gold collected in a public campaign to holster the country's depleted assets. Seoul shipped 300 kilograms Wednesday.

Korean Unionists Relent on Strikes

President-Elect Kim Gets Labor To Join Discussions on Layoffs

By Nicholas D. Kristof

SEOUL - Labor unions backed down Wednesday from threats of imminent nationwide strikes as part of landmark new discussions that may make it far easier for President-clect Kim Dae Jung to authorize mass layoffs while retaining labor peace.

Labor's decision to step back from confrontation is a major victory for Mr. Kim. It lays the groundwork for legislation authorizing layoffs while reducing the risk of strikes or even riots that would have shaken the image of South Korea around the world. We're close to agreement with labor

on resolving all issues, including layoffs, before the end of this month," Mr. Kim said Wednesday. "If labor, management and politicians can resolve this issue, we will have new hope for the future." The unions' decision to back down

helped lift the benchmark index of the Scoul stock market by 2.46 percent in record trading. The won also rose, with the dollar slipping to 1,665 won from 1.761 on Tuesday

Major national strikes had been planned for Saturday but now seem un-

widespread expectations of labor unrest, South Korea may now have a chance of getting through the next couple of months without union members filling the streets and tear gas wafting through the air. In formal terms, what the country

two main union federations agreed to do was simply to talk. After earlier refusing Crisis alarms Beijing. Page 13.

to do so, they consented Wednesday to

joining a tripartite panel with business leaders and political figures so that they can work out a deal on allowing layoffs. Union spokesmen said that Mr. Kim had agreed to postpone deliberations on a bill allowing layoffs until the committee reaches agreement.

The legislation is widely regarded as necessary to convince the International Monetary Fund and international bankers and investors that South Korea is serious about making its labor market less rigid. It is now very difficult for large companies to lay off unneeded workers.

The unions say they still oppose layoffs, but they now sound prepared to negotiate seriously instead of just pres-

See KOREA, Page 6

IMF Expects 'Acceleration' of Indonesia Reforms

By Michael Richardson mernational Herald Tribune

SINGAPORE - The head of the International Monetary Fund said Wednesday that be expected to reach a "very Suharto of Indonesia on a "dramatic acceleration" of economic reforms, while warning that any further attempt at "easygoing implementation" would only aggravate the country's financial The IMF managing director, Michel Camdessus, said the agreement — to be announced Thursday after he meets with Mr. Suharto - would address problems including "monopolies, governance issues, corruption and opacity

in the financial sector. The IMF chief said bluntly that "the immediate priority" of his visit to Jakarta was "to arrest and turn around the tremendous loss of confidence, and stabilize the market through monetary discipline and a dramatic acceleration of

long overdue structural reforms," [În a separate development Wednes-

day, the U.S. Treasury said officials were trying to set up a meeting of the world's leading finance ministers to address the Asian economic crisis, Bridge News reported from Washington. The meeting is not expected to take

place until after the Group of Seven finance ministers and-central bankers meet in London on Feb. 20.

["The United States plans to convene meeting of finance ministers from key

the implications of the current financial situation in Asia and ways to deal with these challenges," a Treasury spokesman said.]

countries around the world to explore

The comments by Mr. Camdessus during a stopover in Singapore while he was en route to Jakarta, helped send Asian stocks sharply higher for a second day amid increasing optimism that the region's financial crisis might be com-

In Vichy Trial, Papon Stands Not Silent, but Mute

By John Vinocur International Herald Tribune

BORDEAUX -- Marc Robert, the red-robed prosecutor, leans forward just a bit more and with his quiet, nonhectoring voice asks, a reasonable question presuming a reasonable answer, why a Nazi request to arrest Americans in 1942 could be ignored, but not one concerning Jews.

The 87-year-old man facing him on the other side of the courtroom answers promptly. That was not his decision. It was a matter for Maurice Sabatier, prefect of the Gironde region, to decide and not someone like himself, his hierarchical subordinate.

Maurice Papon, accused of complicity in crimes against humanity for his part as a Vichy government official in sending 1,560 Jews from Bordeaux to their death in Auschwitz, sits back down.

Mr. Robert thinks a moment. "So when you insist you had the SS's guns at your back," he says, "it's false because when the Americans weren't rounded

up, what happened?"

Three months into Mr. Papon's trial, and halfway through its 45th bearing, Mr. Robert seems to have grown tired of the old man's answers, weary of his constant retreat from the obvious or the logical. This time, the prosecutor provides the response to his own question. "Nothing," he says.

And the startled courtroom marmurs, hearing a

word it knew would not come from Mr. Papon. This trial, whose particularity is to document the nature of the French administration's cooperation with the Nazis in the extermination of the Jews, often

comes down to a kind of circular, daily struggle.



Maurice Papon arriving at the courthouse in Bordeaux with his usual detail of special policemen. The face of the officer at the right was covered electronically to guard his anonymity.

On the one hand, there are the prosecutor and lawyers for the civil plaintiffs arguing the case to substantiate Mr. Papon's active involvement in the mechanics of the Holocaust and his knowledge of its

monstrous finality; and on the other, Mr. Papon, the former secretary-general of the Gironde prefecture, saying, in the classic manner of Nazi war crimes trials, I-didn't-know, I-wasn't-there, I-wasn't-theboss, I-was-on-vacation-that-week. Literally. Or: You-can't-imagine-how-it-was-back-then; or: I-actually-tried-to-slow-things-down.

This has been the central rhythm of details and denial in the seafoam green courtroom as the examination moves from trainload to trainload of Jews arrested in Bordeaux and then shipped to the Drancy camp near Paris en route to extermination - each victim passing through the hands of the prefecture's Bureau of Jewish Affairs supervised by Mr. Papon from 1942 to 1944.

Schoolchildren attend the hearings, reports on the trial frequently make the nightly relevision news and accounts of the proceedings reach the pages of the serious newspapers every day, but the evidence and arguments are lodged in a narrow channel of the familiar and the expected. The testimony, for the most part, brings touches rather than new hammer blows to what is left of the Gaullist myth that the nation as one resisted the Nazi occupier. In the courtroom's routine and its soft pastel light, a sense of the horror of what took place down the street some 50 years ago can seem a distant whisper.

Short of much testimony that Mr. Papon was personally odious - yet so icy that his datebooks for the period refer to hunting and village festivals while neglecting the roundup of Jews — the defendant has labored at constructing a picture of himself as a

See PAPON, Page 5

U.S. Coalition Seeks to Relax Cuba Embargo

By Thomas W. Lippman Washington Post Service

WASHINGTON - An unusual coalition of husiness groups, corporate executives, religious organizations, lobbyists, members of Congress and prom-inent former U.S. officials are calling for a relaxation of the U.S. embargo on trade with Cuba to permit the sale of

food and medical supplies.

Calling itself "Americans for Humanitarian Trade With Cuba," the group was organized by the U.S. Chamber of Commerce, one of the most influential business organizations in the country.

In a news conference Tuesday at the chamber's headquarters here, Willard Workman, its international vice president, pledged to run a "grass-roots carnpaign" to enlist support for legislation introduced in both houses of Congress last year to modify the trade han.

He and other Chamber of Commerce officials said they timed the news conference to take advantage of the at-

See CUBA, Page 6

See IRAQ, Page 6

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Intimations of Immortality? Chemical Increases Life Span of Human Cells

By Rick Weiss Washington Post Service

WASHINGTON - Scientists for the first time have used a natural chemical to increase the life spans of human cells dramatically in laboratory dishes and perhaps make them immortal, prompting a flood of speculation about the potential for slowing aging and extending human life.

The work provides long-awaited proof that an unusual chemical found in young ceils provides key protection against cel-Jular aging. The chemical is not normally present in adult cells. But when the scientists provided it to aging cells, the cells regained — and have continued to maintain — their youthful vigor.

"We found that biological aging can be put on hold," said Jerry Shay of the University of Texas Southwestern Medical Center, who with colleagues there and at Geron Corp., a California biotechnology company, released their results Tuesday.

But other scientists were quick to urge cantion. Several said there was a big difference between getting laboratory cells to divide forever and getting a person's body to live longer. Indeed, some noted, cellular immortality has a bad name in medicine: It's called cancer.

"It's very interesting and it's impressive, and it's a nice piece of science," said Raj Sohal, a professor at Southern Methodist University in Dallas. "But to go from there to saying that this may help prolong life is a total leap of faith."

Even critics agreed, however, that the work would prove useful in research labs and in the biotechnology and pharmaceutical industries, where huge amounts of time and money are spent replenishing batches of cultured cells. Those cells are needed for basic genetics studies and to produce genetically engineered drugs and vaccines. It would be helpful, researchers said, if those products could be made in cell lines that were engineered to live for years, or forever,

Moreover, the work could also lead to the development of drugs that speed, rather than slow, cell death, which may be effective against cancer. And while unlikely to offer a cure for aging, the findings could lead to better treatments for a variety of diseases.

See AGE, Page 6



IN HOT WATER - The Chinese swimmer Wang Luna grimacing after she finished last in a world championships B final, She and three teammates were suspended Wednesday after failing drug tests. Page 20.

EU Said to Lose Appeal on Beef Hormones

Trade Organization appeals body has found that the European Union is breaking global trading rules with its ban on imports of hormone-treated beef, sources said Wednesday. The three experts - in a report to be issued on Friday - ruled that Brussels had failed

GENEVA (Reuters) - A World to provide an assessment of the health risk from eating beef from cattle treated with growth hormones that could reasonably justify the ban. But the three trade and legal experts also found that aspects of an original WTO panel ruling against Brussels were flawed.

Related article, Page 5.

AGENDA

Israelis Set Out 'Vital Interests'

The Israeli government adopted sweeping guidelines Wednesday on what Israel would regard as "vital interests" in any future negotiations on the West Bank, ranging from "security zones" to its east and west to Jewish settlements, roads and areas

around Jerusalem. But the cabinet set out only general principles rather than defined areas. Ministers said the broad approach gave Prime Minister Benjamin Netanyahu more maneuvering room in his impending meeting with President Bill

Clinton. U.S. officials, meanwhile, said they were "taken by surprise" hy the Israeli cabinet's decision to hold onto large tracts of the West Bank under any peace deal. Page 4.

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Where Winter Can Be Brutal, an Ice Storm to Remember

By Anthony DePalma
New York Times Service

T. PAUL D'ABBOTSFORD, Quebec - Proud families that have farmed here for four, five or six generations are struggling without heat, electricity or water. Bot what they most worry about are the trees.

Trees like the tall pines planted 55 years ago by John Gibb's grandfather that oow lie on their sides across his front yard. Trees like the delicate McIntosh apple trees in Gregg Thomsoo's orchard, with buds that are suffocating under 10 centimeters (4 inches) of ice.

And trees like the wizened sugar maples that have kept Claude Chagnon sleepless as they snapped and split oo the hillside behind his house, jost days before he had planned to tap

"Every one of these trees, I know them; every one I tapped personally," said Mr. Chagnon, 57, a hardy Quebecker like many others in this area whose lives are tied to the land that was so devastated by last week's ice storms. Now he cannot look at the damaged maples without turning his back so that strangers cannot see him

cry.
"What I see here now is just a small maple that will take 25 years to start producing, 50 years before it is producing well," he said.

Some of the trees were over 100 years old. He walked over to a skinny maple near the edge of the grove that he had taken special pains to ourture and protect, carrying out dead wood by hand instead of using a tractor, which might hurt the tree. It was broken in two.

"I'm oot the type to get discouraged," Mr. Chagnon said. "But it's very difficult."

REACHEROUS ice storms that knocked out power across Quebec and eastern Ontario have disrupted the lives of more than 3 millioo people. Power has been restored to much of Montreal, Ottawa and other urban areas, although sporadic power cuts still occur.

But more than a millioo people in this rural region south of Montreal have been told oot to expect to have electricity for two or three more

"The black triangle" is what utility companies now call the area that stretches roughly from the St. Lawrence River sootheast about 70 ki-Iometers (45 miles) to Granby and from there about 30 kilometers north to Ste.-Hyacinthe.

The damage here is on an entirely different scale from what was experienced in Montreal. Utility poles are snapped in two about 3 meters off the ground, and fallen transformers leak green fluids onto the thick layer of ice that smothers everything. High-intensity steel pylons lie like twisted giants in a long line across frozen fields, their wires splayed out over the land-

The rural communities around here remain dark and quiet except for the occasional hum of a gasoline generator or the roar of one of the hundreds of Canadian armed forces trucks that have been deployed to provide help.

Canadians are used to winter, bot Canadian

cold, while it can be brutal, is usually predictable. Meteorologists say the successive ice storms that pounded the area for five days last week were a rare phenomenon. And it was not the cold that caosed the initial damage, but warm air in higher altitudes that produced the rain that froze as it hit the ground.

"The weather really doesn't bother us, unless you have rheumatism," said John Gibh, 51, a retired farmer whose family has been here for six generations. "It's the extremes that get us. Maple trees just are not meant to have 4 inches of ice all over them.'

APLE TREES are far more than ornament here. Many people make their living by tapping the hard maples on the hillsides, and cooking the sap to make maple syrup. In this part of Canada, they call a stand of maples a "sugar hush." After the ice storms, there is hardly a

sugar hush intact.

'My father speot a couple of nights of hell lying in bed listening to the trees breaking," said Jocelyn Cagnoo, 31, who works in the sugarbush operation run by his father, Claude.

"Every 20 seconds or so there was a hig sound like thunder, and just by the sound you could know exactly what was happening with the

Mr. Cagnon's father said he had just about completed preparations to put in 12,000 maple taps when the storm hit. The blue plastic tubes that collect the sap when it starts running in February are now buried under several feet of fallen branches.

"This area here is a 100 percent loss," Mr. Cagnon said. Farther op the hill behind him he thought there might be some trees that could still produce, but he was not sure.

"I've oever seen anything like this before." he said, "so I can't give you an estimate." Whatever the outcome, he said he would be oo his own dealing with the consequences.

"There's no insurance for a sugar bosh," Mr.

The Quebec government has offered to give each person affected by the storm \$45 a week to buy food and firewood, hot Mr. Chagnoo said he had never been "a heggar for subsidies."



Buds on Gregg Thomson's 25,000 apple trees are suffocating under the ice, and many of the trees were damaged by the freezing rain. Mr. Thomson, inspecting his property with his son, Matthew, said he "shed a couple of tears" over the loss. He said it would take years to recover.

The power lines in front of his house have fallen, and his house, like about 80 percent of houses in Quebec, relies on electricity for heat. But he has hooked up his tractor to a generator

and has ecough heat oot only for himself but for his son Jocelyn and Jocelyn's family.

Not everyone in the "hlack triangle" has a family as self-sufficient as Mr. Chagnon's. In Ste.-Hyacinthe, about 30 kilometers away, more than 1,500 people are living in two shelters.

UT LEAVING home can be a wrenching decisioo, even if it means just moving across the road, as Gregg Thomsoo did last week when the temperature in his 100-year-old farmhouse dropped to dan-

He moved in with his parents, who have a wood furnace. But he keeps returning to check on his

house. His mind is also filled with the realization that many of his 25,000 apple trees have been damaged and that it will take years to recover.

"I shed a couple of tears," said Mr. Thomson. a burly man with a beard and a soft voice who admits that the frustration sometimes overwhelms him and his family.

Over the weekend there was a brief warm spell. and some of the ice started to melt and slip off the metal roofs. Mr. Thomson stopped worrying about the trees for a while and challenged his 8-year-old son, Matthew, to a game of shinny, an informal version of Canada's national pastime.

"After we played hockey, I asked Matthew how he felt about what had happened around here," Mr. Thomson said, putting a hand oo Matthew's shoulder. "He said he was sad that the trees were damaged. But he knew they would come back."

Governor Calls **Army to Arrest Chiapas Police**

Wants

By Julia Preston New York Times Service

OCOSINGO, Mexico - The gov. ernor of Chiapas state has called in army troops to arrest 29 police officers who opened fire on an anti-government protest this week, leaving one Indian protester dead.

The shooting death of Guadalupe Lopez Mendez, a 38-year-old Tzelfal Indian, has caused a new crisis for the government of the southern state while the country is still anguishing over the massacre of 45 Indians, by pro-govern. ment gunmen in Chiapas in December.
The latest incident — in which Mrt.

Lopez Mendez's 2-year-old daughter and an Indian youth were wounded was captured in stunning close-up foot-

age by television cameramen.

The footage showed vividly how the state police officers panicked when they were showered with rocks by the protesters and began firing wildly, first in the air and then into the crowd.

Mrs. Lopez was standing in bushes in one side holding her child straddled across her chest and was not throwing rocks. A bullet struck her in the heart,

doctors said. Governor Roberto Albores Guillen took over just six days ago, after his predecessor was forced out by President Ernesto Zedillo for failing to stem the rising violence in Chiapas.

Struggling to assert his control, Mr. Albores ordered the arrest of the police officers Monday night immediately after Mrs. Lopez died. He said that the entire police battalion would be punished and that the shonters would be

tried for homicide. "The police are here to serve, not to attack," he said. "Under oo circumstances are they authorized to commi this sort of act.

Hostility between anti-government Indians and the security forces has been building in the weeks since the December massacres as Mr. Zedillo has ordered the army and police to sweep through Iodian villages searching for

illegal weapons.

Over the weekend, the former head of security for Chiapas state, Jorge Gamboa Solis, resigned. Prosecutors are investigating to determine whether he tried to conceal the complicity of some state policemen in the December massacre,

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South African Court to Review Pardons

By Suzanne Daley New York Tomes Service

IOHANNESBURG — Acknowledgofficials of the South African governdecision to a court for review.

The amnesty, granted last month to 37 leaders of the African National Congress, including Depoty President Thabo Tuesday to sobmit the amnesties for Mbeki, immediately drew fire from review, Archbishop Desmond Tutu, members of the natioo's other political parties, who said the decisioo was an indication of the commission's bias.

They pointed out that the amnesty was unlike any other issued by the com-mission. The applicants had never been called on to explain themselves in public, own concerns in this regard, together with our had they confessed to any individual an appreciation of the clear public interest

Aid for Egypt Tourism

CAIRO (AFP) — Arah tourism ministers pledged Wednesday that 1998 would be the year of Arab tourism in

Egypt, where the industry has been dev-

Western and Asian tourists by Islamic

The tourism ministers of Egypt, Jordan, Syria, Bahrain, Sudan, Libya,

Lebanon and Yemen offered support at

a meeting at the headquarters of the

Arab League. Representatives of Sodan and Yemen pledged to organize tours to

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Herald Eribune THE WORLD'S DAILY NEW SPAPER

militants in November.

stated after the massacre in Luxor of 58

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AM API *ST TRAVEL UPDATE

human rights violations. Yet, they were granted an amnesty that protected them from all criminal and civil liability.

Amnesties are granted by an pendent subcommittee of the co

in the ANC's anti-apartheid guerrilla

In announcing the panel's decision chairman of the Truth and Reconciliation Committee, said the commissioners had voted unanimously to turn to the courts and would abide by whatever decision was handed down.

We have carefully considered our

Egypt. Egypt said more than 30 percent of visitors were from Arab countries.

LYON, France (AP) - A strike by

In Lyon, one bus in five was running

and nearly half the subway service was

cut. There was no hus or tram service in

Strasbourg, and 30 percent of buses ran in Nancy, France Info radio reported.

transportation workers ahead of talks on

pay and security concerns stranded commuters Wednesday in several-

French cities.

French Transit Is Hit

Amnesties are granted by an independent subcommittee of the commis-In granting the amnesty, the commission, which does not consult with coming that it may have gone far outside the sion also veered from its usual format by missioners in making its decisions. But law in granting a blanket amnesty to top failing to publicly explain its decision. the guidelines for amnesty dictate that Those granted amnesty included five applicants must confess all and must ment, the Truth and Recoociliation cabinet officials and several deputy min-demonstrate that they bad a legitimate

Shortly after the ruling, the commission consulted with a ooted constitutional attorney, Wim Trengrove, to get Tuesday to sobmit the amnesties for an opinion on whether their actions were legal. Mr. Trengrove said the granting of the amnesties did not appear to meet the requirements of the law.

The incident is particularly embar-rassing for the commission because it often has been called hiased. Whites, in particular, have said the commission is engaged in a "witch hunt" of the former white supremacist government.

Correction

A New York Times report from Jerusalem in editions Tuesday oo Israeli terms for a West Bank withdrawal incorrectly reported that the conditions adopted by the Israeli cabinet were not in 'oote for the record" signed by the former U.S. Secretary of State Warren Christopher. Mr. Christopher signed a letter appended to the protocol on Israeli withdrawal from most of Hebron. The "note for the record" was prepared by Dennis Ross, the American mediator for the Middle East, and it incloded several undertakings by Israelis and Palestinians designed to move the peace process

EMU Fact or Fiction ?

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WEEKEND SKI REPORT

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Courchevel	75	5 D	Feb	Open	W	14/1	65/68 IR's and 64/100 pistes upon	Wengen	10	40	Fat	Closed	Var
Les Deux Alpes	40	180	Fex	icy	Mar.	14/1	stong winds at altitude	Zematt	20	80	Good	Art	Var
Haine:	45	140	Feat	Ореп	Ver	14/1	most pistes oit, some worn spois	U.S.					
Megeve	0	75	Far	Ciceed	, Mar	G/T	6761 its open, upper runs still ok	Aspen .	65	90	Good	Open	Paka
Méribel	40	65	Fair		PERM	14/1	good sking upper slopes	Breckerzidge	95	107	Good	Open	Poke
La Plagne	80	210	F	Open	Yes	14/1	dusting of new snow: mostly good	Crested Butte	185	135	Good	Open	Peck
Serre Chevaler	75	210	Good	Open	Var	13/1	63/67 lifts a., plenty at good skiling	Mammoth	210	24D	Good	Open	Pekel
La Tania:	15	75	F	Art	War	14/1	6966 Bis open, good above 1800m	Park City	125	185	Good	.,	Pedr
Tignes	80	190	Good	Open	Vac	14/1	odd wom patch but most runs good	Val	100	105	Good	Open	Pwdr
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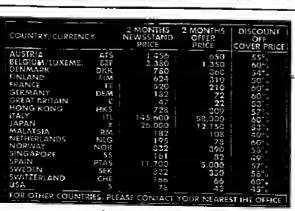
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THE AMERICAS

Glenn Wants to Show He Still Has the Right Stuff

By Kathy Sawyer

WASHINGTON - Astronauts in space and elderly people on the ground have a lot in common: Both suffer from dizzy spells, weakened bones and muscle, lowered immunity, disturbed sleep and blood flow prob-

So why not send an old, bold astronaut into orbit as a guinea pig for medical re-search? At 76, Senator John Glenn has volunteered for the job and, by all accounts, has pressed his campaign to fly aboard a space shuttle with the same unrelenting determination the Ohio Democrat showed years ago as a fighter pilot and hero of the "Right

The NASA administrator, Daniel Goldin, has been pondering the decision for months and, sources say, likes the idea but will not give the go ahead without a solid rationale. An agency spokeswoman, Peggy Wilhide, said there was no deadline for a decision. Officials and scientists at the space agency have declined to discuss the decision-making process, but some privately express the fear that sending Mr. Glenn would be de-

Politically, the exercise is extremely sensitive. "A high pucker factor," said one source. Mr. Glenn is not only a historic figure - the first American to orbit the Earth - but a sitting senator who last summer earned the gratitude of the White House when he ran aggressive interference for the president dur-



Senator John Glenn at a hearing last year and in 1962, after he orbited the Earth.

leged White House fund-raising scandals. this week to complain about the senator's This makes him a bero all over again in some ambitions. quarters, but it has prompted some of those who hold contrary views to oppose Mr.

Glenn's return to space.
"I think he's just so embarrassed with his performance in the hearings that he wants to become a hero again," said a Cleveland man, one of about a half-dozen who called the ing Republican-led investigations into al- political affairs television network C-SPAN



A White House science official said the decision to allow Mr. Glenn back into space

was Mr. Goldin's alone. 'It has the aura of political favoritism." said John Logsdon, a space policy analyst at George Washington University. 'But John Glenn is special. He's a trained pilot, in the

be's had all the experience and discipline of a test pilot and astronaut. There is no reason to rule him oot as a shuttle passenger.

Mr. Glenn, who plans to retire from the Senate next year, has declined recently to give interviews about his hid to leave the planet. Capitol Hill sources say this is to avoid the appearance that he is exerting undue pressure. But he was talkarive on the

subject up through summer.
"I have wanted to go back up into space again for the last 25 or 30 years, 'he told C-SPAN when the Pathfinder landed on Mars in July. "I have been outspoken about it."

Mr. Glenn also has said more than once

that he is not interested in a joy ride, that NASA should not send him unless there is a good scientific reason. "Senator Glenn is looking forward to a decision," said his spokesman, Jack Sparks. "But be understands that NASA needs to

complete their review process.'

Some scientists argue there is no scientific justification for flying Mr. Glenn on an orbital mission because, as a representative of

the elderly, he would constitute a statistically insignificant sample of one.

Some insiders at the National Aeronautics

and Space Administration also are resisting a return to anything resembling the agency's Civilians in Space program, because the concept — designed to increase public support for human space flight — brought such grief in the 1980s. The schoolteacher Christa McAnliffe died along with six other crew members when the shuttle Challenger blew physical condition of a man 30 years younger, apart shortly after liftoff in January 1986.

icans and often thinks: "You

are bealthy, handsome, you

have jobs, nice houses, nice

cars, money in the bank."

And then she paused, with

a puzzled expression. "So

why are you all taking de-

emergence of anti-depress-ants is simply one more in-

dication of a nation conquer-

ing its problems, reflecting a

belief that life is good. Even Mr. Schwerin, the

lawyer who voiced concerns

about the focus on economic

prosperity, noted that if af-fluence did not mean nirvana.

it certainly was better than a stick in the eye, "Money may not buy happiness," he said. "But lack of money buys a lot

of unhappiness.

But to other Americans, the

pression pills?"

POLITICAL NOTES

Au Pair Program Threatened

WASHINGTON — Citing the Louise Woodward case, a Georgia Republican said Tuesday that he would introduce legislation to abolish the nation's au pair pro-

gram as soon as Congress reconvenes this month.

Representative Bob Barr called the program run by the U.S. Information Agency a "waste of tax-payer dollars to provide a handful of families with cheap live-in servants that frequently receive little or no training in caring for

Ms. Woodward, a 19-year-old British au pair, was convicted hy a jury Oct. 30 of second-degree murder in the death of Matthew Eappen of Newton, Massachusetts, an 8-month-old in her care. A judge reduced the conviction to manslaughter and sentenced ber to time served - 279 days.

The au pair program less foreign girls come to the United States to live with American families and perform domestic work and child care. About 13,000 young people, mostly European women, participate every year. They are

paid \$115 weekly and receive food and lodging.

Mr. Barr's bill, which is still being drafted, would kill the existing program but would not ban the use of au pairs outright. The private organizations that now bring over au pairs under the U.S. Information Agency's oversight could continue to do so.

(AP) could continue to do so.

California Vote Heads for Runoff

SANTA BARBARA, California — With thousands of ballots still uncounted, the battle to replace Represen-tative Walter Capps appeared on Wednesday to be headed toward a runoff on between his widow and a conservative

Lois Capps, a Democrat, will most likely face a state lawmaker, Tom Bordonaro, in the runoff March 10, Mrs. Capps finished with 62,013 votes, or 45 percent, while Mr. Bordonaro had 40,146 votes, or 29,1 percent.

But Brooks Firestone, another Republican state as-semblyman, received 33,957 votes, or 24,6 percent. And about 80 percent of the 12,500 uncounted absentee ballots were from his home turf in Santa Barbura County.

The winner will serve out the remainder of Mr. Capps's term - which ends Jan. 3, 1999 - and automatically becomes the favorite in the race for a two-year term in the

A Gephardt-Gore Dinner Date

WASHINGTON - They battled for the presidential nomination a decade ago and are most likely to do so again. But Vice President Al Gore and the House minority leader,

Dick Gephardt, are breaking bread together for now, Mr. Gephardt and his wife, Jane, will join Mr. Gore and his wife, Tipper, for dinner Jan. 24 at the Gores' home on the grounds of the U.S. Naval Observatory. The occasion is purely social, a Gephardt spokesman said.

Quote/Unquote

Newt Gingrich, the House speaker, citing the projected surplus in the federal budget and calling it time to talk seriously about overhauling the Social Security system ereated under Franklin Roosevelt. "I know it takes some courage for elected officials to raise the issue, but I just think we're at the magic moment of transition." (NYT)

For Many Americans, Now There's Nothing but Blue Skies

By Dirk Johnson

CHICAGO - Lashed by freezing rain and pummeled by gales roaring off Lake Michigan, Henry Hoomweg trudged toward the rattling El train in Chicago's Loop, enritled to feel a hit miserable. Instead, his eyes were dan-

cing.
"These are wonderful times," said Mr. Hoornweg, a 51-year-old legal secretary, exulting over an American decade that might be called The Good News '90s: anticipated government budget surpluses,

meg and his wife, a nurse, the national economic numbers translate into real personal gain: "We're buying a now, there are so many ophonous for the first time—four bedrooms, three bathrooms, cot in the suburbs," said Mr. Hoornweg. "When working folk like us can live like that the suburbs," said Mr. Hoornweg. "Max Thomas said she was to get married young and drugs, they're everywhere." who without much agreed, saying, w folk like as can live like that, it says something."

To be sure, not everyone is riding the train to Blissville. In so many burned-out, disparited urban pockets unknown to
most prosperous Americans,
sirens still wail and gunshots
ring. Many blue-collar workers feel threatened by a market

I'm going shopping."

come to travel a but, and time
out at trendy restaurants.

"Today," she said, "I was
of faith in Washington to
wisely use the windfall.

"There are no hero
over it like a bunch of byenas," said Fred Kawas, 59,
Rasputin, an artissports, all we see is cut wages and workers.

And while experts warn that the good times will not last forever, on balance, Americans see an economy that is humming, judging from dozens of interviews, from San Francisco to Boston, from South Dakota to New York, and here in the capital of America's industrial and agricultural heartland.

Looking for a new job re- than a familiar pattern of the cently, Jennifer Thomas, a rich gening richer. 26-year-old Chicago office Edna Juette, for one, a 52worker, needed less than a year-old personnel departmouth to find a better po-sition, and promises of ad-day's work, beading bome to vancement, a triumph for a a West Side neighborhood

was scarcely affluent.
"I felt pretty dismal in high school, assuming that I would be stuck in the same lower-

ment clerk, weary after a hard

woman without a college de- that is thick with gangs, said gree and a background that she had noticed little improvement in her life,
'My salary's not going
up," she said, "but my rent is.
They say crime is down. But

middle-class life I grew up in there's still plenty of shooting — and that the only way out in my neighborhood. And

'You are healthy, handsome, you have jobs, nice houses, nice cars and money. So

making enough money to lead a life she once thought out of reach: an apartment of her own, and enough spare in-come to travel a bit, and dine

Views about the general

U.S. economy tended to follow the same trajectory as personal economic circumstances. Not surprisingly, people who have found new jobs, bought big bouses and carned big raises saw nothing but blue skies from now on. But those struggling to sur-vive saw little relevance in the

course, some people say they would like to do all three. But if liberals and conser-

who runs a grocery store in San Francisco." They'll find a way to spend it, and it'll probably be to bail out Indonesia or Korea or somebody."
President Bill Clinton gets a

in most polls, but many people said the credit for the prospervive saw little relevance in the ity goes in many directions, to drugs, too many videos, too Republic government statistics, other Mr. Clinton and Alan Greenmany possessions — that so much.

eral Reserve Board, to technological advances, and to a year-old certified public acgrowing sense of personal re- countant in Riverside, a Chica-

Doin Cummings, a 26-yearold statistical analyst who grew up the son of a janitor in a rough-at-the-edges South Side Chicago neighborhood, said that the credit had to go to people pulling the weight.

I grew up lower middle class, and now I guess I'm ish wince. "I think the moral middle-middle class," said fiber today is better than it Mr. Cummings, who plans to marry sooo and take a wedding trip to the Virgin Islands.

Ms. Thomas, the young woman who has tasted

In true American spirit, of see how life was getting any better, only more expensive. But more than that, she lamented that whatever the more stress. size of the nation's economy these days, its spirit seemed to

> "There are no heroes any more, nobody to tell my chil-dren about," said Ms. Rasputin, an artist. "In sports, all we see is people who bite off somebody's car or beat up their coach."

America's reputed moral "busy, busy, everybody decay comes up in almost any busy" nature of life in Amerconversation about the future 62 percent approval rating for of the country. It is difficult to his handling of the economy find anyone over age 30 who does not complain about a least by comparison to the youth culture - too many

But Marty Shanahan, a 47go suburb, said people who shudder at the private pecadillos of politicians should look back to history. And he said that people his age could hardly throw any stones at the

excesses of young people.
"I lived in the '60s and '70s," he said, with a sbeep-ish wince. "I think the moral was then.

To Frank Schwerin, a 58-year-old Chicago lawyer, there is simply too much anxi-ety in American life, even

What has happened, Mr. Schwerin surmised, is that people now have more money than time, and that means

"There are more activities than ever, especially where kids are involved," he said "It's just getting harder to

Renata Kocho, a 32-yearold bank teller who moved to Chicago from the former Soviet Union six years ago, said she, too, was struck by the ica. She questioned why Americans worry about money, when they seem, at Republic of Georgia, to have

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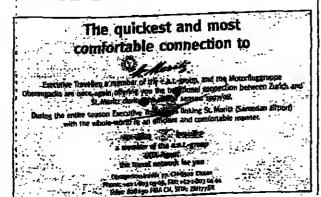
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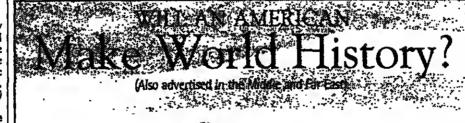
 The number of minority students who enrolled at the law and business schools of the University of California fell dramatically last autumn as a result of new rules barring the consideration of race in admissions, according to systemwide data just released by the university. The institution's academic graduate programs and medical schools, on the other hand. showed little or oo change.

 Cigarette smoking and exposure to second-hand smoke both significantly hasten hardening of the arteries, and the damage may be permanent, a new study suggests. An estimated 30,000 to 60,000 deaths in the United States each year can be attributed to second-hand smoke, wrote the authors, led by an epidemiologist, George Howard, at Wake Forest Uni-versity in Winston-Salem, North Carolina. (AP)

• Federal Express Corp. will spend \$100 million over the next four years to equip its big cargo jets with the latest in safety systems. FedEx, based in Memphis, Tennessee, said installation of the new equipment would begin this year and include warning systems to help aircraft avoid other planes in the air and keep them from flying into mountains. (AP)

 Black men get prostate cancer more often than white men and are two to three times more likely to die of it, statistics that the American Cancer Society called ''a disgraceful tragedy'' as it urged a national attack on the disease. Copying activists who successfully raised millions of dollars to fight breast cancer and AIDS, the cancer society joined with 100 members of the organization Black Men of America to call for an immediate increase in federal prostate-cancer research to help







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By Steven Lee Myers New York Times Service

JAKARTA -- The U.S. secretary of defense, William Cohen, met Wednesday with President Suharto amid what American officials described as fears that the economic crisis in Indonesia could quickly undermine peace and se-

curity time the peace and se-curity throughout Southeast Asia. Officials here and those raveling with Mr. Cohen on his 12-day tour of Asia expressed concern that Indonesia's economic instability could lead to widespread civil unrest and even, in the worst case, disintegration of a nation with scores of ethnic groups spread over 13,677 islands.

And that, they warned, could send ripples throughout Southeast Asia. While the economic crisis now has such countries as Malaysia, Thailand and Indonesia lnoking inward, the of-ficials said a prolonged crisis could re-vive regional rivalries, as well as lingering hostilities that have been largely dormant while the "tiger" economies

"You can't have an Indonesia that becomes destabilized without security concerns arising in the region," a senior U.S. official said on the eve of Mr. Cohen's meeting with the Indonesian

While much of the Clinton administration's attention has focused on the International Monetary Fund's efforts to shore up Indonesia's economy, Mr. Cohen used his visit to try to expand U.S. military ties. The Pentagon hopes to increase its presence in Indonesia and elsewhere in Southeast Asia through joint exercises and periodic visits by U.S. warships.

Mr. Cohen's meeting, which lasted about 40 minutes, followed one on Tuesday between President Suharto and the deputy secretary of the Treasury, Lawrence Summers, who was sent by President Bill Clinton to persuade the longtime Indonesia ruler to abide by his pledges to the IMF to impose fiscal

Mr. Cohen said he repeated that mes-sage Wednesday and, like Mr. Summers, received assurances that Mr. Suharto intended to do so. But Mr. Co-

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hen's meeting also focused on the broader theme of regional security.

"I am not here as any sort of financial expert," Mr. Cohen said at a news conference after his meeting with Mr. Suharto at his home in Jakarta. "I am here to talk about security issues and ways in which we can expand upon our security relationship.

During his tour of the region, which began in Malaysia and will move on to Singapore and Thailand, Mr. Cohen has sought to build on the United States's presence and strategic relationships in the region, which his aides acknowledged had not received adequate attention in recent years.

Along those lines, Mr. Cohen also

announced that the United States and the Philippines had reached a tentative agreement to resume military contacts, which were cut off a year ago when the Philippines removed legal protection for visiting forces.

As for Indonesia, Mr. Cohen and his aides dismissed speculation, rampant only a few days ago, that the military might seek to topple Mr. Suharto, a former general who has served as Indonesia's president for more than three

Instead, the officials said that any threat to Mr. Suharto's rule would very likely come from within - in the form of riots along ethnic or religious lines or of protests in the streets.

In the past, displays of unrest have been met with crackdowns by the mil-

A senior U.S. official here also expressed the fear that the economic crisis, if it persisted, could lead to "a rise in which is predominately Muslim, that could in turn oppose the U.S. presence in the region.

While American officials worry that Mr. Suharto has not put in place any plans for a peaceful succession, Mr. Cohen took pains to avoid any dis-cussion of his future as Indonesia's ruler. He did note, however, that Mr. Suharto, who is 76, raised and dismissed rumors that he was ill.

"And those rumors, he felt, were contributing to the lack of stahility in the region," Mr. Cohen said.



Students in Jakarta gathering in front of Parliament on Wednesday to protest President Suharto's leadership.

Dissident Defies Order to Leave China

By Erik Eckholm New York Times Service

BELIING - A democracy campaigner who recently called for free labor unions has defied the Ministry of State Security, refusing its demand that he leave China for the United States.

Qin Yongmin, a 45-year-old resident of Wuhan, said security agents instructed a friend last week to tell him be should immediately seek a passport and move to the United States, But in an open letter to the ministry on Wednesday, he said he would not leave.

"I'd rather give up my personal security and even my life to support the final realization of a legal opposition party and free workers' unions," he said in the letter, which was faxed to foreign news organizations.

Mr. Qin has been imprisoned several times since 1970, when he criticized Mao Zedong's Cultural Revolution in a diary. As a figure in the Democracy Wall movement of the late 1970s, he spent eight years in prison in the 1980s, then returned to prison from 1993 to 1995 for pro-democracy activities. He is one of several longtime de-

mocracy advocates who have dared to speak out recently, apparently emboldened after the government released the dissident Wei Jingsheng in November and sen1 him to the United States.

In public calls for rapid political change and the freeing of prisoners like Wang Dan, a student leader of the Tiananmen Square student movement suppressed in 1989, these advocates seem to be testing the government, feeling where the invisible line of permissibility may be as China seeks closer ties with the United States. Mr. Qin and others have recently fixed on the widespread layoffs of state workers as a ripe issue.

In a telephone interview Wednesday, Mr. Qin said it was his new campaign for independent labor unions that had led to the security agency's implied threat. Mr. Qin was the principal author of a Dec. 20 manifesto calling on workers to organize unions outside Communist Party control, pointing to the government's signing of a United Nations convention guaranteeing the right to free unions.

The government has not yet ratified the global convention, activists note, the convention itself has wide loopholes and in any case Beijing shows no sign of allowing free worker groups.

■ Wei Visits French Parliament

Mr. Wei visited the National Assembly in Paris on Wednesday as part of his campaign to persuade Western governments not to play down buman rights concerns in return for trade with China,

Mr. Wei addressed the assembly's Foreign Affairs Committee and met Laurent Fabius, the chamber's Socialist speaker and a former prime minister.

Mr. Wei's visit "is important for us since he has fought and is fighting for human rights and democracy, and for us this is a very important cause," Mr. Fahius said. "China is a very great country, but the human rights cause is a very great cause."

Hong Kong Says Danger Is Lessening

Flu-Less 2 Weeks Indicate High-Risk Period Is Over

HONG KONG — The government of Hong Kong said Wednesday that the high-risk period for avian flu was al-

It said no new cases had broken out since the slaughter of 1.4 million poultry, two weeks ago and it foresaw the end of high risk from the H5N1 strain of influenza, previously not known to infect humans.

The government says as long as there are no new cases today, it considers the high-risk period for the bird flu will be over tomorrow." ment radio said.

A health department spokesman con-firmed that Thursday marked the end of the high-danger period - provided there were no new cases.

"If there are no new cases of infection within the 14 days, that will indicate the main source of infection is under control," he said.
The government said it would con-

tinue to monitor the situation in case there were other sources of infection. The avian virus has killed five people,

including two children, and infected a dozen other people. The latest victim, a 34-year-old wom-an, was admitted to hospital before the chicken slaughter. She died of pneu-

monia on Jan. 11.

A World Health Organization expert also said the fact that no new cases had cropped up meant the risk was now

low.

'At the moment it is definitely a good sign that we did not have any new cases since 29th December, 1997," Kiyucbi Morita of the WHO told the Hong Kong government radio.

"But in order to evaluate the ef-fectiveness of the measure, I think, we need to do more epidemiological study," be said. Thursday will be two weeks to the

day that the mass slaughter of chickens was completed. Hong Kong also banned live chicken imports. The government also said Wednesday that it had decided not to slaughter

60,000 ducks on local farms after tests! for the avian flu virus proved negative.

BRIEFLY

Manila and U.S. **Renew Military Tie**

Pact on Joint Exercises Is Initialed leave the Subic Bay naval base

JAKARTA — The U.S. defense secretary. William six years ago in a dispute of Coben, said Wednesday that a payment for the facilities. the Philippines would open the way for a resumption of joint exercises and visits hy American warships.

Mr. Cohen said that Wasbington was not seeking to reestablish military bases in the Philippines that it lost in 1992, but that the agreement initialed Wednesday would result in increasing military ties between the countries. The "status of visiting

forces" pact must be approved by the Philippine Senate.

"This morning in Manila, representatives of the United States government and the government of the Philippines initialed a visiting forces agreement," Mr. Cohen said, adding that the pact "will en-able the United States and the Philippines to resume major military exercises, combined training and ship visits."

The defense secretary said he was not sure when exercises might resume but that the United States was ready. Washington was forced to ficials.

and the Clark Air Force Base six years ago in a dispute over new military agreement be-tween the United States and day that the Philippines had not asked the U.S. military to establish new bases there, but there was always a possibility of sncb a move in the future if

both countries agreed.
"We are not seeking bases there," Mr. Cohen said. "We are talking about promoting

joint exercises and training."
The new agreement, similar to U.S. arrangements with Japan, South Korea and other countries, provides for the legal status of U.S. troops who might visit the Philippines during exercises or visits as well as other technical issues.

Mr. Cohen added that the agreement was another sign of U.S. determination to remain engaged in the Asia-Pacific region, where it maintains a major naval fleet and a force of about 100,000 troops. Mr. Cohen made the an-

nouncement in an appearance at the U.S. Embassy in Jakarta while in the Indonesian capital for meetings with President Suharto and other of-(Reuters, AP)

51 Die in Jet Crash In South Pakistan

ISLAMABAD, Pakistan - Rescue workers battled snow and freezing rain people who were killed when an Afghan plane crashed into a mountain groups active in Assam. in southwestern Pakistan.

miles) from Kandahar. The passengers included some Tale-

refitted cargo planes scheduled to fly at night to avoid enemy fire. (AP) In Vietnam Court

Tribal Militants Kill 16 Indian Villagers

police said Wednesday.

About 20 rebels fired automatic

weapons at villagers, some of whom were singing and dancing around a bonfire Tuesday night in Kekerikuchi, 180 kilometers north of Gauhati; capital of Assam state, said a local magistrate. D. Hazala. There was no claim of responsi-

Wednesday to retrieve the bodies of 51 bility, but the police said they suspected one of two Bodo militant

The cargo plane, a Russian-made Bodoland has been fighting for seaircraft refitted to carry passengers, went down Tuesday in a remote region of Pakistan, about 300 kilometers (188 campaigning for a separate Bodo state campaigning for a separate Bodo state within India. (AP)

ban fighters among civilians. It is common for soldiers to be transported in Military Leader Shot

HANOI — A senior military officer was shot dead in an army courtroom in southern Vietnam, a state paper re-

ported Wednesday.
Colonel Vo Van Trung was shot at wounded. It was not clear whether a

The paper said a brief standoff occurred as military police surrounded the Ho Chi Minh City courtroom to end the drama. Mr. Thai then shot himself in the head, the paper said. He died later.
A source said the motive for the

shooting was not clear, but added that the situation in Vietnam's military oups active in Assam. zone, which encompasses Ho Chi The National Democratic From of Minh City and nearby provinces, had become "complex" because of toplevel command changes. (Reuters)

(AP) 4 Missing Timorese Are Found Dead

DILI, East Timor - Four East Timorese bave been found dead days after they were abducted from their village hy a group of unidentified armed men, a local official said.

The four victims from Coilima village, about 60 kilometers west of the territory's capital, Dili, were among a group of eight people seized Jan. 3, Francisco Martins Dias, a local district GAUHATI, India — Tribal militants attacked villagers celebrating a close range Tresday by a subordinate, ants attacked villagers celebrating a harvest festival in India's remote northeast, killing at least 16 people, the control of on another colleague, who was badly returned safely, but that the other three were still missing.

INTERNATIONAL

Israel Sets Guidelines for Peace Talks

By Serge Schmemann New York Times Service

JERUSALEM — The government adopted sweeping guidelines Wednes-day on what Israel would regard as "vital interests" in any future negotiations on the West Bank, ranging from "security zones" to its east and west to Jewish settlements, roads and areas around Jerusalem.

But after long and inconclusive debate in recent weeks about alternative maps drawn np by the military and by Infrastructures Minister Ariel Sharon, the cabinet set out only general prin-ciples rather than defined areas. Ministers said the broad approach avoided a showdown in the cabinet and gave Prime Minister Benjamin Netanyahu more maneuvering room in his impending meeting with President Bill Clinton.

The decision was one of a series that

will shape the position Mr. Netanyahu will bring to Washington next week. Mr. Clinton's separate meetings with the Israeli leader and with Yasser Arafar, the Palestinian leader, are the culmination of a four-month effort by the United States to rescue the faltering Israeli-Palestinian peace process.
U.S. officials immediately expressed

displeasure with the cabinet's decision.

"We were taken by surprise, and it's not helpful to our ability to conduct diplomacy on this important subject in advance of the meetings," a U.S. official, quoted by Reuters, said in Washington.

West Bank until the Palestinians satisfy a long and stringent list of conditions. In coming days, the government is expected to debate the scope of the withdrawal Mr. Netanyahu can propose.

make no further withdrawals from the

In advance of the trip, Israeli nationalists have mounted a major campaign to prevent Mr. Netanyahn from ceding more territory in the West Bank.

More than 20,000 right-wing Israelis gathered Wednesday evening for a rally on Rabin Square in Tel Aviv. 'Clinton, More than 20,000 right-wing Israelis gathered Wednesday evening for a raily on Rabin Square in Tel Aviv. "Clinton, you're not a friend," read a poster, reflecting the hostility of many nationalists to American efforts to draw a commitment from Mr. Netanyahu to make a "cradible" withdrawal from the cides to be laving out postures." make a "credible" withdrawal from the West Bank.

The cabinet's action Wednesday stemmed from its decision in early December to postpone any action on further pullbacks from the West Bank further pullbacks from the West Bank until the government has identified its "red zones," or the areas it will not cede under any agreements. That led to a stormy debate between Mr. Sharon and Defense Minister Yitzhak Mordechai over their respective maps, of which Mr. Mordechai's was the more moderate.

Palestinians Reject Conditions

The Palestinians already have full or partial commol of 27 percent of the West Bank and want the pullbacks to give them most of the rest. Mr. Netanyahu now envisions only one minor deeployment.

Mr. Arafat termed that position a vi-"olation of the Israel-Palestinian accords." We are not asking for the moon," he said in Hebron. "We are asking for what" has been signed at the White House

The cabinet's decision came a day after it imposed conditions for Israel's delayed troop pullback from the West Bank, diminishing the chances for the breakthrough the Clinton administration had hoped for next week, The Asso-On Tuesday, the cabinet voted to ciated Press reported from Tel Aviv.

The Palestinians angrily rejected Israel's positions.

'With these conditions," said Nabil Shaath, a senior official in the Palestinian Authority, "the Israeli trick, which Netanyahu is trying to slip by the U.S. administration, manifests itself."

"Netanyahu is trying his utmost to torpedo the Washington meetings," he added

Still, it was not clear whether Israel

sides to be laying out postures.

Mr. Clinton reportedly expects Mr. Netanyahu to present a detailed plan for the troop pullback — one of three to which Israel is committed by mid-1998. The Palestinians already have full or par-

has been signed at the White House

under President Clintoo.

Mr. Netanyahu's adviser, David BarIllan, said the prime minister would go to Washington with a general outline, not specific maps. But he added that the cabinet decision was vague and "leaves lec-way" for Mr. Netanyahu to negotiate.



VERTICAL TRAINING — Soldiers rappelling down a wall during a drill in Tainan, Taiwan. The country is strengthening its armed forces in response to the modernization of China's military.

sounds

29 France's —— Polytechnique

at Showy flower



CROSSWORD

18 Person who ca barely run

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39 Obsolescent mall abbr.

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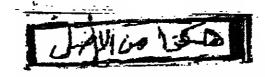
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New York Times/Edited by Will Shortz



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EUROPE

French Unemployed, Says Danger Keeping Up Pressure, Call for Day of Protest

By Anne Swardson shington Post Service

PARIS — Organizers of widespread unemployment protests, saying general support for their cause was on the rise. said Wednesday that they would press forward and called for a day of national demonstrations Saturday.

With unemployment stuck at 12.4 percent, Prime Minister Lionel Jospin and his governing Socialist Party were hracing for a battering from businesses opposed to a proposed reduction in the workweek from 39 hours to 35 as well as the threat of wider disruption by the

On Tuesday, as many as 7,000 people turned out for marches in Paris, and a larger number demonstrated in Marseille. In Paris, about 700 protesters As always in France, the question is hrnke into the commodity futures market and occupied it for four hours until the police used tear gas to evict them. Eleven police officers were hurt.

"We are passing from sympathy to solidarity for our commitments," said Claire Villiers, spokeswoman for one of

the protesters' groups.

The movement began last month, when a handful of the unemployed aided by activists from the Communistled CGT trade union — took over a local unemployment benefits office in Marseille. At its peak last week, about 30 such centers were occupied, out of more than 600 around France. The protesters francs (\$490) in their unemployment benefits and an increase in other social

On Friday, Mr. Jospin said the government would spent an additional 1 hillion francs to help out the poorest of

Jospin Hits A Nerve With Dreyfus Barb

PARIS - The National Assembly broke into pandemonium Wednesday over the Dreyfus Affair of 100 years ago, showing that the historic miscarriage of justice can still be a hot issue in France.

Ushers threw a protective cordon around Prime Minister Lionel Jospin as conservative deputies poured out of their seats and angrily surged toward him when he recalled that the French right had nearly unanimously opposed Dreyfus.

Alfred Dreyfus, a Jewish captain

in the French Army, was arrested in 1894 and sentenced to life in prison on charges of spying for Germany, but cleared in 1906 after a long controversy that divided the country.

Mr. Jospin presided over a national ceremony Tuesday marking the 100th anniversary of Emile Zola's "J'Accuse," an influential newspaper editorial in which the writer took up Dreyfus's defense.

On Wednesday, Mr. Jospin hrought up the Dreyfus case while answering a parliamentary question about how France planned to make up for its role in the African slave trade in the 17th and 18th centuries.

"The left was certainly for abolition and that was not the case of the right," Mr. Jospin said, adding, "Just as the left was for Dreyfus and the right was against him.'

The prime minister later halfheartedly tried to make up for his attack, but the assembly's conservative members had all left the hall amid cries of ''Resign! Resign!"

"I was only taking note of his-toric truths," Mr. Jospin said. "I didn't say that the right of today was

the unemployed, but the protesters rejected the offer as insufficient.

On Saturday, the police cleared the unemployment offices, throwing the occupiers into the street. Since then, the protesters - perhaps a core of several thousand around the country - have been occupying other public offices and

So far, Mr. Jospin has stayed high in the opinion polls thanks to a pragmatic, nonideological approach in which he has stuck with some of his leftist campaign promises, such as a future reduction of the workweek, while privatizing some businesses, which he had said he would not do. Economic growth is relatively strong, but France's high unemployment

hether the movement will spread into a wider violent protest that must be expensively bought off by the government or whether it will peter ont on its own. The French government has little extra money to inject; it is under pressure to keep the budget deficit down in order to meet the criteria for the planned European single eurrency when members are chosen in May.

Gny Sonnan, a commentator and writer, said in a telephone interview that Mr. Jospin's hands were tied because the agitators were as much professional activists as genuinely unemployed people. Such factions, he said, are less interested demanded a year-end bonus of 3000 in political dialogue than in sowing the seeds of discord.

"Yon don't know if they are representative," Mr. Sorman said of the demonstrators. "You don't know who they are. You know if you accept their demands, the general response will be negative because to do so you'd have to raise taxes on companies and then you have more unemployment. It's a Catch-

Finance Minister Dominique Strauss-Kahn said Wednesday that the I hillion francs for the poverty-unemployment payments did not represent new spending, though he did not say where the money had been found. With the French unemployment rate of 12.4 percent, about 3 million people are on the un-employment rolls. More than one-third of them have been jobless for a year or

The crisis has led to a split in Mr. Jospin's leftist governing majority. Some of his allies in the Communist and Green parties, with whom he has an informal governing alliance, objected strongly to the police evacuations of the unemployment centers Saturday. On the other side, Mr. Jospin is being hammered by the right and by business associations for his 35-hour workweek proposal.

Interior Minister Jean-Pierre Chevenement, responding Wednesday to criticism of police treatment of the protesters, said that "he police are there for the protection of everyone" and that the occupation of the chamber of commerce was "illeg-

Mr. Jospin said nothing about the protests, but complained earlier about the "overmediatization" of the situation and said the protesters should "be respectful of social rules and the law."



Gerry Adams, president of Sinn Fein, leaving the funeral of Terry Enright, who was killed on Saturday.

In Belfast, a Precarious Plan for Peace

Encouraged, Both Sides Admit That New Attacks Could Kill Any Pact

By James F. Clarity New York Times Service

BELFAST - While encouraged by the new willingness of both sides finally to grapple with details after 19 months of peace talks here, both Catholic and Protestant leaders fear that the effort remains vulnerable to fringe groups determined to wreck an ac-

Most officials agree that the pro-posals put forward Monday by the Britout a map that could direct the talks on the future of Northern Ireland toward a settlement, were an important step toward ending the sectarian warfare that has killed 3,233 people since 1969.

But the plan could not negate the fact that in the last three weeks, one Protestant - Billy Wright, the leader of a renegade Protestant paramilitary group

— and three Catholics have been killed in paramilitary attacks. If such attacks continue, mainstream leaders on both sides repeatedly warn, they could kill the peace effort as well.

Former U.S. Senator George Mitchell, who is chairman of the talks, said in an interview: "I try not to get too optimistic or too pessimistic. There is an up and down in this process.

"It's a matter of great concern that

there are people outside this process who are determined to wreck it, with murder and other acts of violence."

The issue of disarmament of the Irish Republican Army and Protestant paramilitary groups was barely mentioned in the proposals put forth Monday at Stormont, on the edge of Belfast.

The disarmament issue, which delayed the start of negotiations for four years, now lies inert in a subcommittee. But eventually it must be dealt with, and it could still delay or kill any political agreement.

The tentativo deadline for an agree- we decide this is an attempt to move

ment, set by the Irish Republic and nowards an internal solution, we will Britain as sponsors of the talks, is May. But the fear of many here is that con-tinued violence will slow the talks further and make it difficult for Protestant appear to be negotiating with representatives of terrorists.

David McKittrick, the author of several standard works on Northern Ireland, said, "They're heading for a May deadline for the talks, and both Republican and Loyalist splinter groups will be trying to make sure an agree-

ment doesn't come about." Mo Mowlam, Britain's secretary for Northern Ireland, expressed tempered optimism.

'The problems before Christmas had been that people knew what they wanted to talk about, but no party had been prepared to put down its cards on

NEWS ANALYSIS

the table first," she said Tuesday. "We now have some cards on the table, and I hope it allows us to start talking."

But she added, "As we all know, the devil is in the detail."

olics, and the Ulster Unionist Party, cease-fire it resumed last July. But if representing Protestants, were face-up the IRA disagrees and resumes its vigeneral approval of the two governments' proposals.

But the first card played hy Sinn Fein, which represents the overwhelmingly Catholic Irish Republican Army. was an apparent attempt to hluff the

larger parties, if not trump them.
Mitchell McLaughlin, Sinn Fein's national chairman, referring to the Protestant parties, said of the proposals: "Many would see it as a sop to the Unionists and Loyalists, and Sinn Fein intends to test that vigorously. And if reject ii.

'Internal solution.'' in the parlance of the peace talks, means the creation of a new Northern Ireland legislature and Catholic leaders, who would then after the election of Catholic and Protestant members, hut without corresponding moves toward a united Ireland free of British control.

To Protestani leaders, who want the province to remain British, a united Ireland is an abomination. And London and Duhlin have guaranteed that no change in the status of Northern Ireland will be made without the consent of the Protestant majority in a referendum.

This makes it virtually certain that no agreement will include a united Ireland, the traditional goal of Sinn Fein and the IRA.

Squaring that circle is the essential problem. Ms. Mowlam, the highestranking British official in the province, said any party may propose anything, so Gerry Adams and Martin McGuinness, the principal Sinn Fein negotiators, are sure to press for a united Ireland, mostly to fend off criticism that they are abandoning a basic goal. Mr. Adams has said he could accept

The first cards played by the largest parties, the Social Democratic Labour Party, which mostly represents Cath-would persuade the IRA to maintain the would persuade the IRA to maintain the olent campaign to end British rule, that would surely provoke Protestant paramilitaries to retaliate, possibly even against targets in the Irish Republic.

Particularly repellent to Sinn Fein is

proposal to create a Council of the Isles, which would link Northern Ireland, the Irish Republic, Scotland and Wales in a consultative body. Sinn Fein sees this as a device to strengthen the union with Britain that it wants to break. Protestant leaders, such as David Trimble of the Ulster Unionist Party. think the council is a great idea.

EU Supports Beef Exports From Ulster

Move to Ease Global Ban Needs Members' Approval

> By Barry James International Herald Technology

BRUSSELS -- The European Commission recommended Wednesday a resumption of beef exports from Northern Ireland in the first relaxation of the global ban on British beef it imposed in-March, 1996 to stem the spread of "mad cow" disease.

But the recommendation still has to be approved by the European Union's veterinary committee and member governments, and officials said it could be several months before the relaxation could come into effect.

The commission said its recommendation would apply only to cartle aged between 6 and 30 months from herds that have been certified as having no cases of mad cow disease, or bovine spongiform encephalopathy, for the last eight

Experts said approval of the commis-sion's recommendation was not certain because several countries, including Germany, remain opposed to any retaxation of the global ban until the United Kingdom is certifiably free of bovine spongiform encephalopathy.

The issue could come before a meeting of agricultural ministers in Febru-

ary.

The global ban was imposed after British scientists established the probability that bovine spongiform encephalopathy could be transmitted to humans as a fatal brain affliction called Creutzfeldt-Jakob disease.

An exception was made for Northern treland because it has had a computer system in place for the last 10 years that allows it to trace the movements of all animals. The province also has a low rate of bovine spongiform encephalopathy, with 95 percent of more than 24,000 farms reporting no cases during that

The ban has had a major economic impact in the province, where about 85 percent of farmers are involved in beef production.

Northern Ireland has had 1,766 cases of bovine spongiform encephalopathy; since 1988, but reported only 27 cases last year, a small number in comparison with the nearly 170,000 cases in mainland Britain.

Britain has had a compulsory check on cattle movements only since July,

Smaller outhreaks have been reported in several other European countries. Scientists believe the disease became epidemic in Britain because of the practice of feeding cattle ground-up animal remains. The Northern Ireland farmers appealed against the han on the grounds that most of their beef cattle is fed on grass.

Last month, the United States banned imports of beef and lamh from 21 European countries to prevent contamination by bovine spongiform encephalopathy.

The EU meanwhile is threatening to bar imports of tallow and gelatin from the United States because it says these products are not adequately protected against bovine spongiform encephalopathy contamination.

Bonn Probes Neo-Nazi Acts in Army

BONN - A parliamentary committee began an inquiry Wednesday into neo-Nazi activity in the German Army fol-

lowing a string of embarrassing revelations last year. The inquiry was demanded by opposition politicians in December after it emerged that a convicted neo-Nazi bomber. Manfred Roeder, had been allowed to address an elite military academy in 1995.

The government says the investigation is unnecessary. "This will not produce any substantial new facts," Defense Minister Volker Rnehe said.

But Chancellor Helmnt Kohl's Christian Democrats decided not to suhmit alternative proposals to the opposition Social Democrats' plan for a wide-ranging probe.
"The whole army should not, however, be dragged in front of the investigative committee and placed under general

suspicion," said Paul Breuer, the Christian Democrats' top representative on the committee.

Mr. Ruche appealed to committee members not to indulge in scoring political points. "Anyone who tries to defame the army as a whole will only damage themselves," he said.

The scandals, which the government has admitted have damaged the standing of the German Army abroad, have included amateur videos of recruits singing neo-Nazi songs and allegations of a widespread trade in banned Nazi paraphernalia in army barracks.

The Christian Democrats and their coalition partners have

said the army is best placed to investigate the extent of neo-Nazi attitudes and incidents. The party said they were isolated cases involving individual soldiers and do not represent a trend. Mr. Roeder sought access to the committee proceedings on Wednesday but was told it was not a public hearing.

crime of naivete" in "not believing the Germans capable of doing what they did." For good measure, Mr. Papon ad-

ded that 'relationships were stained by the hypocrisy characteristic of the Gercamp in September 1942. The letter

Envoys in Brussels

BRIEFLY

Hit by 'Carjackings'

BRUSSELS — At least 12 foreign diplomats have fallen prey to a tide of luxury-car snatching in the Belgian capital, the Foreign Ministry said Wednesday.
The Brussels public prosecutor's of-

fice said last week that at least 160 luxury cars, including Mercedes, BMWs and Porsches, were hijacked last year, mostly in the last four months. Among the diplomats who have fallen victim to carjackings — where drivers are forced to hand over cars, usually at gunpoint - were the German ambassador to NATO. Hermann von Richtofen; the European Union's social affairs commissioner, Padraig Flynn, and the Palestinian Authority's ambassador to the European Union,

Chawki Armali. The police said they had set up a special squad to combat the carjacking (Reuters)

Germans to Examine Tenerife Suicide Cult

HAMBURG - A team of German detectives prepared to travel to Spain on Wednesday to investigate whether an alleged donmsday sect's suicide hid on the island of Tenerife could be punishable under German law.

The Spanish police said they had foiled two mass suicide attempts on Tenerife in the Canary Islands by followers of Heide Fittkau-Ganhe, a German psychologist who was arres- traffic congestion. ted Jan. 7 and accused of planning to induce the 31 members of the sect to kill themselves.

A police spokesman in Hamburg said three investigators would fly to Tenerife of air pollutants - mainly traffic on Wednesday to investigate reports furnes and power station emissions that children were involved in the sui- revealed that those with asthma and cide plans, which could lead to charges of attempted murder or manslaughter.

The sect members, most of whom were German, believed the world was going to end last Thursday and a spaceship would rescue their souls

from a Tenerife mountain. (Reuters)

Party Abandons Romanian Coalition

BUCHAREST - The Social Democrats withdrew their support for Prime Minister Victor Ciorbea on Wednesday and called for talks to form a new coalition government in Romania, a top party official said. The Rompres news agency quoted

Adrian Severin, the party's vice president and former foreign minister, as saying, "This is the only solution, as our party no longer has confidence in the present government formula and in the prime minister." The Social Democrats stopped

short of leaving the centrist administration in which they are the second largest of four parties. Mr. Severin said the party would remain within the coalition in a "caretaker capacity, Rompres reported.

But the decision, overwhelmingly approved at a special conference. amounted to an ultimatum to Mr. Ciorbea to step down to pave the way for a government more intent on proceeding with market reforms. (Reuters)

U.K. Report Finds Air Pollution Is Fatal

LONDON — Air pollution may cause the premature deaths of up to 24,000 people in Britain each year. according to a government report that could bolster calls for action against

A panel of top medical experts also linked 12,000 to 24,000 hospital admissions a year to poor air quality.

The report on the short-term impact breathing difficulties were affected

The higgest threat in British cities comes from dust particles, mainly from diesel fuel, which lead to about 8,100 deaths a year.

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PAPON: In the Courthouse in Bordeaux, the Defendant Stands Not Silent, but Mute

Continued from Page 1

The spectators react in the courthouse in the courth

reasonable, responsible civil servant. He stands erect in the defendant's box, and with his narrow, mandarin's head held high, seems to be making a painstaking effort to appear distin-

In this projected version, Maurice Papon was a duty-conscious man who would, quite logically, acquire the status of a member of the Resistance, become a high Paris police official in the 1950s and 1960s and reach the level of cabinet minister under Valery Giscard d'Estaing until his past become problematic in

1981. Pushed to the extreme, the old man characterizes himself as another victim, a scapegoat chosen by people in power seeking to impose on history their version of French guilt and disgrace in

World War II.

When he is not saying he was too far removed to have responsibility for the awful things that happened in Bordeaux, that the ngly matters were left to Mr. Sabatier, his superior, or Pierre Garat, his subordinate, Mr. Papon insists hard on his respectability. So, when Mr. Robert asks him why his desk diary mentions events from every aspect of his life in 1942, but avoids the trains packed with Jews, he replies (to more marmurs from the courtroom) that this is because 'they're so exched into the mind and body that it's purposeless to transcribe

The spectators react in the same as- them and that "O.K. then, I committed a she was a Catholic. The account is exhis reaction to a situation in which Vichy officials were described as clearly pursping individual Jews beyond the parameters of their own regulations. were to participate in a trial of Viehy,"
Mr. Papon says, "I'd be a plaintiff."

There is more. Mr. Papon excoriates a Bordeaux police official as "a collaborator and anti-Semite" and says his permanent instructions to the Jewish Affairs staff could be summed up as "no extra effort." He ingists that he said back then that "there were to be no initiatives favorable to the German authorities. Each time that it was possible, the idea was to negotiate, discuss, stall, gain time. Those were the

permanent instructions." As for the Nazis, he told the court last Marie Louise Reille, interned and sent to

The Associated Press

Later, in the 45th hearing, the court listens to the testimony of Yvette Silva, a dental assistant living in Bordeaux, who tells the story of her late mother-in-law,

man race.

Norway's Restaurateurs Fume at New Law saying Tuesday. "What am I going to squeezed for space that one restaurant

smoking section.

week that be and his colleagues were Auschwitz by Mr. Garat, who overruled "to a completely taken advantage of" by a judgment by a local police official that camp."

replies. "How could I know?"

But when it comes to details of the

train on Sept. 21, 1942, that took 71

Jews, including 13 children, from the

main station in Bordeaux to their deaths,

Mr. Papon is of no help at all to Mr.

Robert as he probes for details in a

OSLO - Anti-smoking laws have do if a nonsmoker sits at a smoking left Norwegian restaurants so table? Should I add a smoke fee?" Under stricter laws that took effect proposes anctioning off tablea in its Jan. 1, at least half of all seats in restaurants and bars must be smoke-How else am I going to make up for free. But even nonsmokers seem to what I am losing on the new smoking prefer sitting with friends who do law?" the Dagbladet newspaper quoted a restaurant owner, Ivar Laukholm, as almost empty.

Vichy government, he is able to prevail miraculously on the Nazis. According to Mrs. Silva, Mrs. Reille is pulled ont of the extermination machinery -- "an immense smoking chimney" and "a mountain of valises" - on dossier that is short of them. "I wasn't the railroad ramp at Auschwitz and, with there, Mr. Prosecutor," Mr. Papon her suitcase, is returned under German guard to France.

reaches him and, through contacts in the

The testimony describes the late Mr. Garat as again refusing to classify Mrs. Reille as a Catholic after her return from Anschwitz and after she tells him in the offices of the prefecture that he sent her "to a death camp, to an extermination

A complaint against Mr. Garat was filed after the war and a letter written to the authorities concerning Mr. Papon, but they came to nothing, Mrs. Silva

Judge Jean-Louis Castegnede turns to

Mr. Papon and asks, "How do you ex-

plain this if you go back to the instructions you gave — 'no zeal'?'' "This is a strange, dark affair," he replies. "I wasn't aware of it." The mal, which has been slowed hy

March or early April.

postponements relating to Mr. Papon's health, is expected to wind up in late

By Steven Erlanger
New York Times Service

WASHINGTON — After all the drama of last November, the Clinton administration finds itself back where it convinced him that Moscow would work started with Iraq: in another annoying and potentially explosive confrontation with Saddam Hussein over United Nations weapons inspectors.

It is the same dispute as last time, when all the permanent members of the Security Council agreed that Mr. Saddam could not dictate the makeup of the weapons inspection teams.

"It does simplify things," a senior White House official said.

But since that last crisis Iraq has at of the sanctions. And it has so far suc- again, but they did oot pretend to know. ceeded in keeping the inspectors out of sites it has ruled off limits.

allowing inspectors to return to Iraq and tioo teams. It is about where the in-

participation on inspection teams, and officials suspect he will do the same now. But he agreed only after the Russians, acting on behalf of the Security Council, to ease the sanctions if Iraqi complied.

NEWS ANALYSIS

For Mr. Saddam to renege on that agreement now only makes it harder for the said, expressing puzzlement as to why he has chosen to challenge them again on

this same issue. Perhaps, they said, Mr. Saddam was least succeeded in shifting the debate diverting attention from the sensitive among the Security Council members sites the United Narions wanted to visit toward when and whether to offer Bagh-dad some "light at the end of the tunnel" cohesion of the Security Council yet cohesion of the Security Council yet

They did agree, however, that the main tes it has ruled off limits.

Mr. Saddam backed down last time, is not about composition of the inspec-

sanctions should remain on Baghdad.

And in that battle America's real negotiations, as usual, will be with the out restrictions." other permanent members of the Se-

bright called her British, French and Rus-Security Council to show Baghdad that sian counterparts, a senior administration official said, "The question is not whethsian counterparts, a senior administration er the situation is different today, but whether the willingness of Saddam's erstwhile friends in stand up for their own resolution is going to fade over time."

The presumption among White House and State Department officials is that the French and Russians, who have been most critical of Washingtoo's unbending policy toward Iraq, will stick with Washington, as Britain has always done. on the question of the makeup of the inspection teams.

The French Foreigo Ministry issued a

pursue each category of banned weapons ting the Iraqi decision to obstruct the and then about how long strict economic inspectors and reminding Iraq of its obligations to cooperate with them "fully, immediately, unconditionally and with-

And senior administration officials curity Council, where Mr. Saddam has said they expected the Security Council again forced the debate and tested the to issue a strong statement in the oext endurance of the coalition against him. couple of days condemning Iraqi non-As Secretary of State Madeleine Al- compliance. They said there was general annoyance with Iraq in the Security Council, which only seems to undermine Iraq's longer-term aim of dividing the permanent members over the larger

sanctions policy itself.
"We've had many crises," the State Department spokesman, James Rubin, said. "We've had many times in which Saddam Hussein has sought to dictate terms. And each and every time, he's backed down in the face of the united view of the British, the French, the United States, the Russians and other members of the Security Council. And on this issue, they are united."

sites in Iraq and how to inspect "pres-

idential palaces," if allowed to do so. More important, the French and Russians explicitly say they want to give Mr. Saddam some sense of "light at the end of the tunnel" after nearly seven years of sanctions and to help ease the plight of ordinary Iraqis.

These are the harder issues for Washington to manage and they will come up is month, too, in the Security Council. Last week in Paris, senior American

and NATO officials said, Undersecretary of State Thomas Pickering and French officials spoke about French ideas to give Mr. Saddam and Iraqis some sense of progress.

The French are proposing that the United Nations "close the files" on Iraqi possession of missiles and ouclear weapons and move on to "long-term monitoring" by the United Nations, which is somewhat less intrusive. The on this issue, they are united.**

Bot they are divided on other ques
Bot they are divided on other ques
Iraqi possession of biological and chemon Saddam's degree of defiance.

withdrawing his objection to American spectors can go and how long they should statement in Paris "profoundly" regret-The French and Russians would also

like to begin easing the strict economic sanctions on Iraque an acknowledgment of progress on missiles and nuclear

The Americans are considering whether it makes sense to close a file or two, officials said. But Washington is not convinced that a period of confrontation with Iraq is a good time to do it.
And Washington is adamantly opposed. the officials said, to any "gradualism" in easing sanctions in response.

"The French idea is to show the Iraqis that there's light at the end of the tunnel by checking off on a file," an official said. "But we insist on full compliance before any sanctions are lifted."

The chairman of the UN inspection effort. Richard Butler, is due to go to Iraq on Monday and report to the Security Council about Jan. 23, "A lot depends on what he finds and does," a senior official said. "What we choose to do is dependent

IRAQ: U.S. Patience Is Being Tried

Continued from Page 1

sition. Efforts to broaden the internaoonal makeup of those teams became more apparent Wednesday.

In Paris, a diplomatic aide to President Jacques Chirac said that Security Council members had decided in December to "lower the American profile" in the mooitoring process.

The French official said the new approach had been accepted by all the governments on the Security Council after a lengthy series of exchanges, but

not formally adopted or publicized. So far, he said, there had been few actual changes because of the time required for governments to find experts and submit their oames to Richard Butler, the chief UN weapons inspector, for approval and assignment.

both Washingtoo and Paris backed this the inspection teams as a way of neu-U.S. influence without watering down small the quality or results of the inspection

Russia said Tuesday that it had offered 60 new experts and the UN confirmed that China had offered three exan and Canadian inspectors have also

 On Wednesday, the Security Council called Iraq's barring of the Americanled inspection a "clear violation" of UN resolutions, the fourth such declaration since the crisis erupted in November.

The council gave its full backing to the Mr. Botler, who returns to Baghdad oo Mr. Butler that he had no Monday for talks with Iraqi officials.

Mr. McCurry, however, expressed a

sense of mounting frustration. "We are pursuing, and increasingly exhausting, the diplomatic aveoues that are available," he said in a news briefing, reiterating that military action had

not been ruled out. It appears unlikely, however, that the Clinton administration will take such actioo before Mr. Butler reports, in more than a week, to the Security Council on his Baghdad visit.

We'll bave to see the results of his mission," a State Department spokesman, James Foley, said. "If he has not found compliance on that visit, then we're going to face decisions in New York in the first instance."

A spokesman for the UN inspection Buchanan, confirmed that it was seeking al inspection. The French official made it clear that to recruit more staff members from other countries, but said the requirement for decisioo to push for greater diversity in expertise in such areas as Scud missile technology or chemical or biological tralizing Baghdad's complaints about weaponry meant the available pool was

Tariq Aziz, deputy prime minister of Iraq, accused the commission of "procrastinating" in recruiting new staff members. In a broadcast news conference from Baghdad, be said that "not perts, apparently a first for Beijing. Itali- only the Americans and British are experts on disarmament.

A UN inspection team beaded by an American, Scott Ritter, was barred Tuesday and Wednesday from touring suspected weapons sites. Iraq has called Mr. Ritter a spy, which American of-ficials stoudy deny. Other teams were

Mr. Butler that he had no plan to change the makeup of Mr. Ritter's team.

Baghdad's Nemesis: An Ex-Marine Turned Inspector

By Philip Shenon New York Times Service

WASHINGTON - Among the dozens of United Nations inspectors on the area that the Iraqis are most senwho travel into and ont of trag in the search for poison gas and other weapoos of mass destruction, William Scott Ritter Jr. was bound to be a special thorn in the Iragis' side.

Some of his UN colleagues are specialists in chemical weapons, while other inspectors have backgrounds in the science of germ warfare or nuclear

The 36-year-old former Marine captain is responsible for investigating the methods used by the Iraqis to hide their commission in New York, Ewen stockpiles of weapons from internation-

> And so it was no surprise, his colleagues say, that the Iraqis would charge that Mr. Ritter, who has worked for the

UN Special Commission on Iraq since he left the Marines in 1991, is an Amer-

"A lot of what Ritter does has focused sinve about what we consider to be their coocealment activities," said Charles Duelfer, deputy director of the special commission, which is responsible for the inspections imposed oo Iraq after the 1991 Gulf War.

Mr. Duelfer said the idea that Mr. Ritter might be a spy for the CIA "is a joke—everybody around here finds that terribly amusing. He added "The truth is that Ritter is a man who is very dedicated to his job. He's a very energetic, tough-minded inspector."

Mr. Ritter has repeatedly infuriated the Iraqis, notably last mooth when be led a team on a surprise inspection of a lakeside resort often used by President

commando raid, brooght fierce protests from the Iraqi government, which has responsible for reviewing satellite phoinsisted that it is concealing nothing

from the United Nations. In 1995, Mr. Ritter led an inspection team that discovered that missile guidance parts were being smuggled into the country through Jordan in violation of the international arms embargo imposed on Iraq after the war.

Tariq Aziz, deputy prime minister of Iraq, has called Mr. Ritter a troublemaker, while the official Iraqi news agency accuses him of "falsifying facts, inventing lies, deliberately prolonging the process and sending false reports to the Security Council."

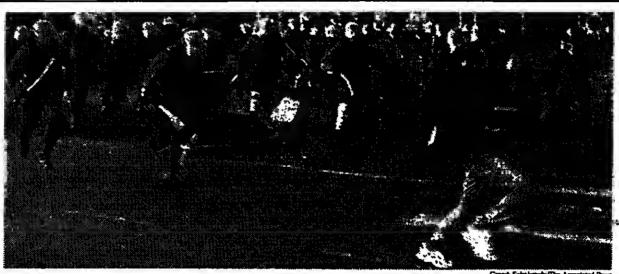
Mr. Ritter, who has described the spying allegations against him as "absolutely untrue" and "insulting," has a background in military intelligence.

During the Gulf War, be was assigned

The inspection, which resembled a to American military headquarters in Saudi Arabia as an intelligence analysi tographs of the battlefield to determine the damage done to Iraqi forces by American bombs

He joined the Marines in 1984 after graduating from Franklin and Marshall College in Lancaster, Pennsylvania, and was first assigned to a brigade in Twenty-Nine Palms, California. Before his assignment to Saudi Arabia in 1990, he was stationed for two years at the Defense Nuclear Agency, which studies ouclear-weapons and atomic-energy is sues for the Pentagon.

"A lot of our inspectors either confe from military backgrounds or are activedory military," said Mr. Duelfer of the UN Special Commissioo, That makes sense, he said, "because in some ways our inspections are a little bit like military operations.



POLISH SKIRMISH — A teenager fleeing Wednesday in Slupsk as youths fought a street battle with police after the funeral of a 13-year-old who died after being clubbed by an officer in a fight at a basketball game.

REBUFF: Algeria Rejects EU Mission

Continued from Page 1

last week, like many earlier mass killings, were the work of the Armed Islamic Group.

It is the most violeot offshoot of an Islamic opposition that would have woo legislative elections six years ago if the

BRIEFLY

UNITA Gives Up Diamond Mines

LUANDA, Angola — The former rebel movement UNITA handed over the diamond mines in the oorthem Cuango Valley oo Tuesday, a government minister

General Higino Carneiro, deputy minister responsible for implementing the 1994 Lusaka peace agreemeots, said the state's Mining Development Company could resume its activioes at Chango UNITA, the National Union for

the Total Independence of Angola, gave up Cuango town last year, but refused to hand over the rich diamond fields. UNITA accused government troops of attacking the valley, and a government team went to the area Tuesday to assess the sint-

Iran Says It Doubts Sincerity of U.S.

TEHRAN - Iran's state radio said Wednesday that it doubted U.S. sincerity in seeking to normalize relations with the Islamic republic despite Washington's repeated offers of direct talks.

President Mohammed Khatami said last week that he was in favor of dialogue between the peoples of Iran and the United States, but refrained from calling for talks betweeo the two governments. (AFP)

Protest in Guyana

GEORGETOWN, Guyana -Policemen fired tear gas Tuesday to disperse supporters of Guyana's main opposition party defying a government ban on marches and public meetings. There were several arrests, but no reports of injuries.

The main opposition People's National Congress argues that last month's presidential elections, won by Janet Jagan and the ruling People's Progressive Party, were (Reuters)

military had oot stepped in to call off the

France, with millions of residents of Algerian origin and important trade in , gas and manufactured goods with its former colony, has suspected Algerian government complicity in some of the violence, but is now increasingly inclined toward the view that the Armed Islamic Group has turned to terrorism against civilians who accept the goverament's legitimacy. From 60,000 to 75,000 people have died since the violence began in 1992.

President Liamine Zeroual's militarybacked government held parliamentary elections in June that excluded the outlawed Islamic Salvation Froot, the group that probably would have come to power in 1992, but saw a moderate Islamic force called the Movement for a Peace-

ful Society win 69 of the 380 seats.
"This is the first Algerian Parliament since independence that has had a pluralisoc legislature." a French official said Wednesday, explaining that France had hoped the European mission could meet with Algerian officials and encourage them to pursue dialogue with the ocoviolent Islamic opposition to isolate the forces of violence.

A European Parliament delegation also hopes to have talks soon with mem-bers of all parties in the Algerian leg-

Officials in Britain, which assumed the European Unioo's rotating presiden-cy after Luxembourg and will hand it over to Austria in July, expressed disappointment at the cancellation of the European mission and said that a higherlevel delegation could be put together if

other European countries agreed. Algeria fought its way to indepen-dence in 1962 in a war that left 10,000 French soldiers and 100,000 Algerians dead. A one-party state for most of its people. existence, it rejects all ourside criticism from human-rights groups.

Continued from Page 1

"Currently, we are still against layoffs of workers," said Choi Dae Yul, a

spokesman for the top South Korean labor

grouping, the Federation of Korean Trade

Unions. "We cannot mention specifics

right now, but in this new committee we

The unions seem to have been afraid

that if they had taken to the streets, the

natioo's stock market and currency

would have fallen, and they would have

been blamed by the public for harming

Based on conversations with union

officials, government officials and oth-

ers, the outlines of a deal seem to be

visible. The unions would agree to ac-

cept layoffs under carefully specified

the natioo's economy.

will continue to voice our position."

suring Seoul through street protests.

JAKARTA: IMF Expects 'Dramatic Acceleration' of Reforms

Continued from Page 1

ing under control. The Indonesian stock market sbot up 5.7 percent, and the country's currency, the rupiah, rose 14 percent, in sharp contrast to its 26 percent drop Friday.

The rally spread across most of Asia, with stocks rising 7.50 percent in Singapore, 6.51 percent in Malaysia, 5.81 percent in Hong Kong and 2.5 percent in outh Korea.

Mr. Camdessus said the oew agree-

ment with Jakarta would be "structured in a way that will give high incective to early implementation."

Analysts said that this appeared to be an implicit warning to Jakarta that the second installment of a \$43 billion bailout loan package would oot be released in March as scheduled unless the IMF was satisfied that the reforms were being applied. The installment is worth \$3

It was unclear what would be announced Thursday. But the Indonesian trade and industry minister, Tunky Ariwihowo, said that cuts in import tariffs and trade barriers were planned to boost exports. Finance Minister Mar'ie Mohammed said the much-criticized budget for the fiscal year ending in March 1999 could also be adjusted.

Neither minister gave details, but markets are looking for a phased re-fidential report had been prepared last duction in fuel subsidies, not only one of week and distributed to members of the the most costly budget items but also one IMF board. of the most politically sensitive because they directly benefit Indonesia's poorest

Suharto government for lax implemen- the fall in the value of the rupiah.

KOREA: Unions Give In to President-Elect Kim on Layoff's Talks

circumstances, and in exchange the gov-

ernment would improve the social safety

net. In additioo, the nation's industri-

alists and the cooglomerates they run

Yoon Young Mo, a spokesman for the

more militant Korea Confederatioo of Trade Unions, said, 'For the sake of the

unemployed workers whose ranks will

grow immediately after passage of the

Mr. Kim, in contrast to past presidents.

has been critical of the conglomerates, or

chaehol, that dominate the South Korean

ecocomy and have partially stifled the

law, we will ask the government to im-

and not forced on workers alooe.

prove unemployment benefits."

tatico of a previous "letter of intent" "When a bank is insolvent, it is better agreement signed with the IMF in Octo close it and not expose its depositors, clients and taxpayers to the added burden tober in exchange for the \$43 billion loan package, Mr. Camdessus was seeking to of an artificial survival," be said. "This defend the Fund from a growing chorus had to be done and, if anything, I would of criticism in the United States and suggest to the Indooesian authorities to give an added impetus to their efforts to

rescoe programs in Indonesia, Thailand One of the IMF's sharpest critics — said it oow realized the "high cost of Jeffrey Sachs, director of the Harvard hesitating in the first weeks of implethe International Monetary Fund had been "prescribing the wrong medicine"

other Western countries, as well as in

Asia over the alleged failings of its

in Asia by insisting on closure of ailing financial institutions. (Page 17) He said that in Indonesia. Thailand and South Korea this had caused a banking crisis that was "unnecessarily deepening the economic contraction, increasing unemployment and bankruptcies, and thereby tremendously raising the

costs of overcoming the crisis." In Singapore, Mr. Carndessus said he had "oo knowledge" of an internal IMF report that the closure of 16 Indonesian banks in early November had helped spread panic and brought the financial system to the brink of collapse.

The New York Times said Wednesday, in a report carried by the International Herald Tribune, that the cooweek and distributed to members of the

Mr. Carudessus said that the Indooesian bank closures were oecessary, just as high interest rates in Indonesia were Analysts said that in criticizing the necessary as a temporary measure to halt

chaebol Tuesday and won promises from

them to adopt changes that will put them

In addition, Mr. Kim has sought to

society making some contribution. He

has already announced that government

employees face a pay cut, and be has

benefited from the close ties that he

ourtured with trade unions throughout

The new committee will meet starting

Thursday. Such a panel will be a novelty

on more of a market footing.

his career as a dissident.

are not questioned."

Insortet for International Development mentation of this program, hesitating — said in an interview Wednesday that and then very rapidly undermining the

confidence" of investors and financial markets. "The Indonesians have certainly realized they are in a situation that does oot allow them the luxury of this kind of easygoing implementation of the pro-

restructure their banking sector.'

gram," he said. "This is certainly a positive factor giving more chances to the oext letter of intent."

In unusually forthright criticism of the

Indooesian government, Mr. Camdessus

Continued from Page 1 At the center of the excitement are molecular structures called telomeres, which enshroud the tips of all 46 chromosomes inside human cells. Telomeres are like the plastic protectors at the ends of shoelaces; they keep the tips of chro-

Immortal Cells?

AGE:

mosomes from becoming frayed. Each time a cell divides, its telomeres grow sborter. In youthful cells, an enzvme called telomerase quickly rebuilds them. But in older cells, that enzyme is absent. Without it, telomeres shrink with each cell division, in effect ticking off they become so short that the cell's chromosomes become tangled. The cell stops dividing - becomes "senescent"

- and eventually dies. Scientists have hypothesized for years that aging cells might be rejuvenated if they could be prodded to make telomerase again. It became possible to test that idea last year, when scientists finally discovered the key gene that dir-

ects telomerase producción. In the new work, led by Andrea Bod-nar and Michel Ouellette at Geron and Woodring Wright at Southwestern, researchers put extra telomerase genes into three kinds of human cells growing in dishes. In all cases, the cells continued dividing long after they normally would have stopped, according to a report in this week's issue of the journal Science.

"We strongly suspect these cells have been immortalized," Mr. Wright said. Aging is probably more than a matter of cumulative cell senescence, he said, but doses of telomerase might help keep certain tissues or organs young.

'It's certainly not the answer to staying young," he added, "but I can imagine that 'health span' may be considered. erably improved and there may be even some improvement in life span.

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CUBA: U.S. Group Seeks to Ease Embargo

Continued from Page 1

tentioo focused on Cuba by the visit next

week of Pope John Paul IL Participants made clear that they came together with different motives: Some want to do business with Cuba, some believe the entire embargo is bad policy and some seek only to moderate what they say is the suffering of innocent Cubans deprived of food and medicine. Food and medicine were added to the trade embargo as part of the 1992 Cuban Democracy Act.

The European Union has also challenged U.S. sanctions against Cuba and periodically has threatened to take the case to the World Trade Organization.

For the Chamber of Commerce and some individual businesses, the longerterm goal is to reduce U.S. reliance on economic sanctions as an instrument of policy in Cuba and elsewhere, Mr. Workman and other chamber officials said.

The Clinton administration has taken no position on the legislation, sponsored in the House by Representatives Esteban Edward Torres, Democrat of California, and Charles Rangel, Democrat of New York, and in the Senate by Christopher Dodd, Democrat of Connecticut, and Rod Grams, Republican of Minnesota. It Oriega said in his address, which walked Dodd, Democrat of Connecticut, and 'There's a mutual trust between labor is opposed by several Cuban-American a fine political line.

and Mr. Kim, "said Ben Limb, an aide to groups.

Mr. Kim, "His intentions and good faith A me A member of the group's executive committee, Delvis Fernandez Levy, executive director of the Cuban-American

not getting rid of Castro and it is creating

pain and misery for people in Cuba." But Representative Lincolo Diaz-Bal-art, a Florida Republican and Cuban-American, said the Chamber of Com-merce campaign "demonstrates a profound ignorance of Cuban reality and contributes to giving capitalism a bad name" and predicted the lobbying cam paign would fail.

■ Cardinal Gives First TV Sermon

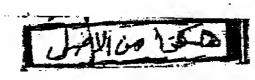
For the first time in almost four dei cades, the prelate of the Roman Catholic Church in Cuba has delivered a primetime sermon on the state's tightly controlled national television. The Los Angeles Times reported from Havana.

The broadcast Tuesday by Havana's archbishop, Cardinal Jaime Ortega, was a watershed in Cuba's church-state relations — the most dramatic concession that President Fidel Castro has granted the church in advance of Pope John Paul

II's five-day visit next week. Flanked by a portrait of the Pope and a statue of the Virgin of Charity, Cuba's patron saint, Cardinal Ortega delivered an impassioned endorsement of a Popa

he has known for 19 years.

The cardinal praised the Polish Pope's patriotism toward his once-communist homeland. Cardinal Ortega equally highlighted the Pope's opposition to Alliance, said in a telephone interview that many Cuban-Americans "agree that the policy is counterproductive, it is bargo against Cuba and Iraq.



would also make coocessions, to achieve a sense that the burdens of economic restructuring are being broadly shared will be equitable, with every sector of

emergence of small businesses. The in a country where labor-management

president-elect met with the heads of the relations have often been bitter.

Francisco Land

Spanie Limina

All Assessment

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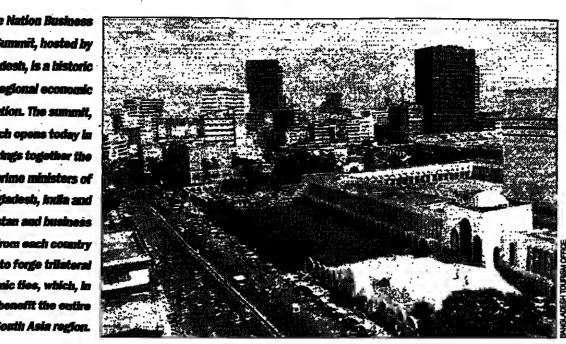
Immortal Cells?

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About Saddam BANGLADESH AND SOUTH ASIA

The Three Nation Business Summit, hosted by Bangladesh, is a historic stap for regional economic cooperation. The summit. Dhaka, brings together the Bangladesh, India and Pakistan and business leaders from each country to forge trilateral



'We must work together to realize our full potential. Our enormous market, our untapped natural resources and above all our vast human resources, if property developed, can convert one of the poorest regions in the world into one of the most

PRIME MINISTER SHERKI HASINA.

OF BANGLADESH

We stand at the threshold of a new century. I am confident that as we forge ties of economic cooperation that last our region together, South Asia will emerge to take its rightful place in the world."

> INDIAN INTERIO PRIME MINISTER DOER KUMAR GURAL



Posterity will judge us for the choices we make. Through cooperative interaction, we can build a better tomorrow. I call on governments and business in South Asia to jointly undertake this common venture into the next millennium.



Prime Minister Nawaz Sharje

OF PAIGSTAN with other countries that bor- ruptive union activity in other

der the Bay of Bengal. Most important, Sheikh Hasina conceived and brokered the Three Nation Business Sum- at a sluggish pace. Readymit, the landmark meeting between India, Pakistan and Bangladesh that takes place today in Dbaka,

Long-term goals Despite such remarkable and fertilizer, progress in such a short time. Bangladesh is still far from globe's most crowded countries. With only about half the last two years. population living above the

Except for textiles, manufacturing continues to grow made garments and knitwear currently attract about 70 percent of total investment in the manufacturing sector. Other industries that draw foreign interest are pharmaceuticals Analysts say that if the na-

tion's long-term industrial achieving its long-term strategy has any hope of suc-goals. With 125 million cess, Bangladesh must diverpeople living on 55,000 sify its manufacturing base square miles of territory significantly. But at the end (roughly the size of North of the day, no ooe can deny Carolina), it's one of the that the tiny nation has made tremendous strides over the "Bangladesh is a country

poverty line and a per capita with great economic poten-income of \$283 per year, it's also one of the poorest president of the Federation of The government must still Bangladesh Chambers of tackle pressing issues like tor- Commerce and Industry. "Its ployment and macroeconom- vast human resources and hamper reform efforts, par- Bangladesh an attractive des-

"Bangladesh can no tioo organizations, including The government has banned longer be dubbed as a botthe newly formed South union activity in the country's tomless basket," says Sheikh

FACTS AND FIGURES

BANGLADESH Official name: People's Republic of Bangladesh Capital: Dhaka Head of government: PM Sheikh Hasina Area: 143,998 sq. km. Population: 125.8 million Population growth rate: 1.8%

Language: Bangla (official); English widely spoken. GDP growth: 5.7% GDP per capita: \$283 Inflation: 3.9% Exports: \$3.8 billion Trade deficit: \$1.0 billion

INDIA

Official name: Republic of India Capital: New Delhi Head of government: PM Inder Kumar Gujral Area: 3,287,262 sq. km. Population: 953 million Population growth rate: 2.1% Language: Hindi (official); English widely spoken GDP growth: 6.8% GDP per capita: \$360 inflation: 6.6% Exports: \$35.9 billion

Trade deficit: \$5.1 billion PAKISTAN

Official name: Islamic Republic of Pakistan Capital: Islamabad Head of government: PM Mohammad Nawaz Shanf

Area: 796,095 sq. km. Population: 137 million Population growth rate: 2.9% Language: Urdu (official) and numerous regional languages; English widely spoken. GDP growth: 3.1% GDP per capita: \$465 Inflation: 12.5% Exports: \$8.6 billion

Sources: Bangladesh Government, Pokistan Government, India Government, SAARC, UNDP, Asia Week.

Trade deficit: \$4.2 billion

· Turned Inspecto BANGLADESH IS REGION'S RISING STAR in in headquares.

ew people would have since 1990. If foreign invest-wagered that the genment is any indication, in-laurels, Sheikh Hasina's goveral election of June ternational confidence is rein Iraqu forces 🏚 1996 would be a major turning point in Bangladesh's history. After all, there had been numerous elections 'since independence in 1971 'try's fortunes. But this election was different. The vast wanted change. After decades of economic stagnatioo and political turnoil. they voted io the Awami

League under the leadership of Sheikh Hasina, eldest daughter of former Prime Bangabandhu Sheikh Mujibut Rahman, assassinated in 1975 by political opponents. Sheikh Hasina didn't wait long to shake things up both

at home and abroad. Her most urgent task was resurrecting international confidence in a country that has struggled since its creation with poverty and numerous natural disasters. At the same stime, she launched her enthusiasm and intellect into the issues of poverty reduction and regional diplomacy.

International confidence Less than two years after that ... Bungabandhu Shokh Majban fateful election, the r have been astounding, if not Bangladesh nation. downright miraculous, on almost every front and Sheikh foreign investment." Hasina has emerged as one of oping world.

eral election of June ternational confidence is re- ernment continues to pursue tinued democratization of the turning in force.

ted more than \$1 hillion in with little change in the coun- new investment commitments from overseas sources. Total private sector investmajority of Bangladeshis ment hit a record \$10.9 bil- forms, deregulations and liblion last year.

> says Moazzem cards for 1998. Hossain Khan, executive "The government has chairman of the Bangladesh already taken remedial steps," Bangladesh is the 'new rising eign investment." star' in South Asia for



Trade is also booming.

the most progressive and en- Bangladesh exports reached ergetic leaders in the devel- a record \$3.8 billion in fiscal 1996-97, nearly double the companies.

ladesh is chalking up some of lion last year. The country's ficiency of remaining stateits best-ever numbers — 5.7 trade deficit has been run companies in a bid to percent expansion for fiscal trimmed to a manageable make them more attractive to year 1996-97 - the first time \$1.0 billion. At 3.9 percent, private-sector investors and economic growth has inflation is also under control potential buyers. breached the five-point mark compared to the early 1990s.

Not content to rest on its growth and reform are pos-aurels, Sheikh Hasina's govitive social factors like congenuine reforms in trade, in- political process, gradually Since the Awami League dustry, finance, hanking, buswept to victory 19 months reaucracy, education and oth- erating population growth ago, Bangladesh has attrac- er fields vital to the country's and a commitment to elim-

rising literacy levels, decel-

inating graft and corruption

tive Reform and Law Re-

form commissions are tack-

ling the graft issue with a

government ethics program

that calls for less discretion-

ary decision making and per-

The country has also taken

giant leaps toward self-suf-

Bangladesh's "food deficit"

was 210,000 metric tons dur-

program to boost annual pro-

duction from 19 million to 25

emerged as ooe of the re-

gion's foremost proponents

million metric tons.

Sheikh Hasina

sonal accountability for all

government officials.

Bangladesh's Administra-

from everyday life.

Significant reforms A significant array of reeralization moves have been "There were many mis- carried out in the last year and conceptions about Bangla- a half and more are in the

Export Processing Zones says Mr. Khan, "to wind up Authority (BEPZA). "But the bottlenecks and red tape in now many emerging market the country in order to boost ficiency in food production believe that exports and attract more for-One of the cornerstones of ing fiscal year 1996-97, a sig-

economic reform is the pri- nificant drop from previous vatization of the country's years. In order to reach total many state companies and self-sufficiency by 2002, the industries, which are running government has launched a more than half a hillion dollars in the red each year. In early 1997, the govern-

ment drew up a list of more than a hundred state firms (mostly in the textile, chemical, engineering and plant- of bilateral and multilateral ation sectors) targeted for pri-cooperation. Her "economic vatization, As of this month," diplomacy" missions have the government had finalized taken her to numerous world the process of divestment in capitals over the last year and

ging from the national ice London, Tokyo, Beijing, factory to a can manufac- Rome, Islamabad, Jakarta turer a sugar mill and several and Manila. She has moved textile concerns. The privat- Bangladesh into several im- ticularly privatization, out of tination for investment." ization target for the current portant economic coopera- fearthat it will lead to layoffs. fiscal year includes 54

While other Asian ecootimes grope through the curtimes grope through the curtimes grope through the curtimes grope through the curtimes grope through the curtime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and eftime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and eftime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and eftime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and eftime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and eftime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and eftime of the currency crises, Bangand reached a record \$4.8 bilboost the productivity and efecocomic

Is Investment

Top Priority

Foreign investors are at home in Bangladesh.

angladesh offers a very attractive package of incentives to investors, perhaps the best in South Asia, " Says Yussuf Harun, president of the Federation of Bangladesh Chambers of Commerce and Industry.

Indeed, the country's Board of Investment is actively seeking out new overseas investment and making it easier for foreign companies to operate in Bangladesh. One of its top priorities is creating a transparent and operational regulatory framework for foreign-owned entities.

Recently introduced incentives include a 5- to 12-year tax holiday for foreign investors, duty-free import and export of machinery and raw materials for anyone operatiog at the ic stability. Trade unions also geographical location make country's Export Processing Zones (EPZs), full repatriation of profits and capital gains, multiple entry visas and liberal work permit policy and legal reforms that include protection against nationalization and expropriation.

Bangladesh offers a number of attractive investment factors, including cheap, plentiful labor with average wages at roughly \$40-\$70 per month. Positive macroeconomic factors include low inflation, modest fiscal deficit and a stable currency compared to elsewhere in Asia. In addition, the government allows 100 percent foreign equity and ownership on all industrial investments.

The country also has distinct geographical advantages. Bangladesh is located virtually as a land bridge between the emerging markets of South Asia and the markets of Southeast Asia. This offers limitless opportunities for foreign in-

Infrastructure and energy

Infrastructure development is considered one of the most promising areas for foreign investment. The country's infrastructure needs are overwhelming: there is one telephone line for every 500 inhabitants and electricity for only 17 percent of the population at the present time.

The government estimates that Bangladesh must attract at least \$5 billion annually in new infrastructure investment in order to achieve significant advances over the next decade. Recently, the World Bank approved a \$235 million credit to encourage private-sector infrastructure development in power, water and other vital areas

Mineral exploration and production is another promising area, especially oil and gas. Last year, the government opened bidding for the exploration of 15 remaining natural gas blocks around the country. Twenty-one internanonal oil companies have thus far expressed interest. Current gas reserves are estimated at about 23 trillion cubic feet (TCF) of which about 13 TCF is recoverable.

"Natural gas is playing an increasingly important role in the energy sector in Bangladesh," says Mosharraf Hossain, chairman of Petrobangla. "There is no alternative but to discover new gas reserves. Since oil and gas exploration is a risky investment, the unlization of state resources for this type of activity is bener avoided."

A wide range of other sectors are also open to foreign participation, including textiles; agribusiness, aquaculture and food processing; leather and ruhber (tires and tubes); electronics and appliance manufacturing; chemicals and allied industries like paper and pulp, plastics, pharmaceuticals and pesticides; glass and ceramics; computer software and data processing; and engineering industries like shipbuilding and agriculture machinery.

The government has also enacted laws enabling private investors to develop and manage special industrial parks called Export Processing Zones (EPZs). South Korean investors are already developing the country's first EPZ, a \$200 million project approved last year.

"Bangladesh EPZs are excellent places for setting up labor-intensive, high-tech industries and the relocation of industries from abroad," says Moazzem Hossain Khan, executive chairman of the Bangladesh Export Processing Zones Authority (BEPZA). "As a result of low wage hills and import costs, the cost of production can be kept low in the fiercely competitive world market." •

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3-NATION SUMMIT IN DHAKA

Historic meeting represents breakthrough for Bangladesh's prime minister.

been plagued by political crises and eco-nomic turnoil for most of the last 50 years. Never before have so n

economic cooperation among the three team will probably include the state ministers neighbors, especially between members of of commerce and foreign affairs. their respective private and public sectors who may have had little or no contact with opening session, during which Mr. Sharif and one another in the past.

Forging business ties To that end, summit organizers will adopt a declaration of economic cooperation that will function as a blueprint for future trilateral the foreign minister of Bangladesh. business relations among Bangladesh, India

poorest, most illiterate and malnourished regions," Bangladesh's Prime Minister Sheikh year. "Its economies are poor, agrarian and fronted by a real danger that the summit vulnerable to outside shocks of all types. The pace of poverty reduction, particularly for the launched another round of shuttle diplomacy extremely poor, has been distressingly slow. among the three capitals, securing new com-Much more needs to be done." She hopes the mitments from both Pakistan and India to summit will provide a huge boost in that attend the January pariey.

development ventures; review their economic and political progress in South ic policies; and establish new institutional development. They will also examine ways to Credit Summit in Washington. She was also liberalize foreign investment, imports and one of the primary movers and shakers in a Colored C sociation (NAFTA) can be modified for use joined the D-8 and BISTEC economic in South Asia. The summit marks a major groups, which link developing nations in political coup for Sheikh Hasina, who con-

The Three Nation Business Summit be vinced Pakistan's Prime Minister Nawaz tween Bangladesh, India and Pakistan Sharif and Indian interim Prime Minister beginning in Dhaka today is an ex- Inder Kumar Gujral to attend the gathering traordinary achievement for a region that has despite enduring tension between the two

Never before have so many top leaders Hailed as the dawning of a new era for from the three nations gathered together in South Asia, the summit will bring together one place. The Bangladeshi government deltop business and political leaders from egation will comprise the foreign, finance Bangladesh, India and Pakistan for the first and commerce ministers as well as the mintime since independence from Britain in ster of foreign affairs. Pakistan's delegation is 1947. Despite obvious political advantages, expected to include that country's foreign, the summit's primary goal is to forge closer finance and commerce ministers. The Indian

> Sheikh Hasina will chair the summit's Mr. Gujral will make statements. Leaders of the three private-sector business teams will also give opening remarks. Afterwards, delegates will attend working sessions on topics like energy, trade and infrastructure hosted by

Extraordinary achievement "South Asia remains one of the world's Originally scheduled for November 23, the summit was postponed at the request of both Islamabad and New Delhi, which had do-Hasina said in announcing the summit last mestic political turnult to deal with. Con-

The summit is another feather in the cap of Delegates will have an opportunity to ex- Sheikh Hasina, who since taking office in change ideas on joint trade, investment and June 1996 has emerged as the guiding light of Asia. She played a pivotal role in both the linkages to encourage three-way economic World Food Summit in Rome and the Microexports in the region, and discuss how free new subregional cooperation pact among trade mechanisms adopted by the European Bangladesh, India, Bhutan and Nepal. Dur-Union and North American Free Trade Asing ber administration, the country has also

By hosting the Three Nation Business Summit, Bangladesh emerges at the forefront of

A LEADER FOR REGIONAL COOPERATION

regional cooperation in South Asia. But it certainly isn't Dhaka's first step into the global diplomacy arena and probably won't be the last. Bangladesh has been an active member of the South Asian Association for Regional Cooperation (SAARC) — the only organization that links every nation in South Asia — since it was formed in 1979. Other members include Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. Until quite recently, SAARC was a largely symbolic group without any real economic or political teeth. But the last round of GATT talks and the creation of the World Trade Organization prompted regional leaders to revitalize SAARC into something that was more able to meet the challenges of the freetrade conditions of the 21st century.

The result of this effort was a new regional trading agreement called SAPTA — the South

Asia Preferential Trade Arrangement — formed in 1995 under the auspices of the GATT Enabling Clause. SAPTA strives to create genuine free trada between the seven members by eliminating tariffs and other barriers. Backers of the agreement view free trade as the cornerstone of a prosperous future in the region. Members hope that liberal trada will stimulate more investment opportunities and more production in their respective manufacturing, agriculture and service sectors, leading to lower unemployment and a higher standard of living. One of the key provisions of SAPTA is special and favorable treatment of the least developed member states, an understanding that respective levels of economic and industrial development must be taken into consideration in order for the bloc to run smoothly. Meanwhile, foreign ministers of the seven SAARC states have agreed that the region should strive for realization of a South Asian Free Trade Area (SAFTA) between the years 2000 and 2005. In recent years, Bangladesh has also joined several new regional economic groups, including the South Asia Growth Quadrangle (SAQC), BISTEC and the Developing Eight (D-8). SAQC comprises four states wedged between the Bay of Bengal and the Himalayan mountain range: Bangladesh, India, Nepal and Bhutan. Until the advent of the Three Nation Business Summit, SAQC was generally viewed as Bangladesh's best hope for regional business development in future years, and it will undoubtedly remain an important group because of the close proximity of the four members. BISTEC links four nations around the Bay of Bengal: Sri Lanka, India, Bangladesh and Thailand. D-8 embraces largely Islamic nations in Asia, Africa and the Middle East, including Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

BANGLADESH INFORMATION AND WEB SITES

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UNDP Web Site

Facts and figures, arts, literature, education, media and links to corporate Web sites:

Dhaka Bangladesh

General information and investment opportunities: www.undp.org/missions/bangladesh

English-language newspaper Web site updated daily: www.dhaka-bangladesh.com

INTERNATIONAL REPAID TRIBING THURSDAY IANUARY IS 1992.

The IMF Can Do Better

Top officials of the International Monetary Fund rushed off to Indonesia this week to stanch an economic hemorrhage that the Fund concedes it worsened itself. Deputy Treasury Secretary Lawrence Summers, represent-ing a worried Clinton administration, followed close behind. Americans are understandably wondering whether the Fund can be trusted to put together these kinds of bailouts and whether taxpayer dollars ought to be turned over to it so that it can indirectly repay Western banks that made fcolish loa

The truth is that the IMF is the only organization that can organize an international response to financial crisis. Left alone, currency crises can bounce from one country to another, leading to needless turmoil and economic contraction. If the IMF stepped aside, the United States might have tried to prop up South Korea on its own, hardly an enviable prospect.

The existence of financial turmoil in Asia is not surprising. Every region suffers some economic turbulence, ineluding the United States in the 1980s. What is surprising is the speed with which some of the world's fastestgrowing economies disintegrated.

Recent events prove that the prosperity in Thailand, Indonesia and South Korea was huilt in part around a core of financial rot. Corporations ran on large amounts of loans, which can flee when business turns down. (In the West, corporations rely more on shareholder equity, which does not so easily evaporate.) Worse, bankrupt corporations were propped up by loans from banks responsive to political leaders, as in the case of Indonesia, or beholden to corporate conglomerates, as in South Korea, Corporate failures in Thailand triggered a currency devaluSouth Korea and other trading part-oers. Once investors grew fearful that Korean banks would default, they fled and left corporations starved for the

loans they needed to survive.

The IMF has correctly focused oo excising the rot. Its bailout conditions require South Korea, Indonesia and Thailand to clean up their banks and, more important, to adopt rigorous accounting and anditing systems that give investors an accurate appraisal of financial health.

The Fund would also put a stop to crony capitalism, the practice of mak-

ing loans for political purposes.
Indonesia added to its problems by stalling on the IMF-imposed reforms.
But the IMF erred, too, as critics charged and the Fund's internal report now admits, hy precipitously closing 16 banks, a rash action that alarmed investors. It also cracked down too hard oo the fragile Korean and Indonesian economies by requiring them to tighten fiscal and monetary policies, the opposite of what was oeeded in economies sinking into recession.

There may be ways to prevent, or at least better predict, future crises. The more than 180 IMF member countries should agree, for example, to disclose the true state of their financial institutions according to the open and exacting standards common in the West.

But it is also important that the IMF itself be more open. It plays a powerful role around the world, yet its policy prescriptions and analytical assessments remain largely secret. Had it initially disclosed more about its approach to South Korea and Indonesia, some mistakes might have been avoided or identified more quickly. That could have spared millions of innocent workers throughont Asia needless pain.

-THE NEW YORK TIMES.

Our Man in Havana

Two important, elderly figures of the Cold War are about to meet and contest in Cuba. The bost, Communist leader Fidel Castro, still seeks legitimacy after 39 insecure years in power. His guest, Pope John Paul II, tested anti-Communist and underminer of established Communist regimes, seeks religious and political freedoms for Cuba's millions. In what is shaping op as a classic end-of-era confrontation, our man in Havana - that is, one representing the claims of democracy — is John Paul.

For all of the Castro repression, Cuba remains a heavily Catholic country and to that extent at least an anti-Communist one. Mr. Castro's revival of the Christmas just past as a public holiday was for him a token gesture, but for Cubans it marked official recognition of a traditional chosen identity. The 77year-old John Paul represents precisely the future — individual liberty — that

the 71-year-old Castro denies. The Pope has precise ideas about how to open up the closed and dis-ciplined Cuban society. He believes that the larger post-Cold War circumstances have now changed enough to make possible a fruitful dialogue with the ruling dictator — and with religious and other elements of Cuba's emerging

Deep cold, undiluted darkness, un-

solicited silence - that is what re-

mains when the power goes down in

winter and stays down, as it has this

past week after a terrible ice storm

it happens in summer, seems almost

insubstantial, the ghosting away of

something whose presence was almost

ghostly to start with. When the power

comes ou again, it feels as though a tide

But in this storm - five days of ice

and freezing rain followed by bitter

cold — the power did not merely fail.

Ice pulled the lattice of electricity

down by main force. In some parts of

New York, Maine, Vermont, New

Hampshire and Quebec, the tide of restored power will take a very long

time to come in. By the time it arrives,

the waiting will feel like a custom

lowness of technological civilization

it also reveals its depth - into how

many reaches of ordinary life elec-

tricity has penetrated and how high

- how swiftly the grid collapses. But

A storm like this reveals the shal-

whose origin has been lost.

The temporary loss of power, when

along the St. Lawrence River.

has come in, lifting everyone.

civil society. Now there is the prospect of a peaceful transitioo to democracy. John Paul speaks from a vastness of

experience and success that no active figure anywhere can match. His approach differs from the longtime American emphasis on isolating and embargoing Cuba. A bit of a good-cop, bad-cop act is unfolding bere. The Pope is in a position to offer concessions that a U.S. government would have trouble making - and to reap concessions that the Cuban government could never make to the United States. Such an approach will work, bowever, only if the American government moves its policy ont of the time warp in which it still is caught and makes its own timely

acknowledgment of change. Here lies the political importance of the Pope's reception. It carves out extra space for a policy reconsideration by the United States. Fidel Castro, with the fall of the Soviet Ution and the rise of Latin democracy, long ago lost a capability to harm American security interests. His model of crumbling totalitarian rule has no takers anywhere. What remains to be consummated in Cuba is a passage to democracy and to oormal relations with the United States. John Paul is showing the way. -THE WASHINGTON POST.

above the fundamental concerns of ex-

This storm demonstrates the slow,

brutal strength of the cold. The wonder

is not that cold is so powerful but that

we are so seldom aware of its power, of

its capacity to fracture a community, to

isolate it, and, as events have proved, to

Trees crack in the night with the insinuating cold. Every surface looks coated with glass.

humans, over millennia, evolved as

they did partly in response to swift

elimatie change. Ice ages, not ice

storms, are what those theorists have in

mind. But if this storm does not quite

carry an observer back to the dawn of

Homo sapiens, it does carry the ima-

gination back to the 19th century, even

to the era of Jacques Cartier, when, for

him and for the tribes that met him,

there was no power to wait for, only the

It has always been frigid along the

-THE NEW YORK TIMES.

St. Lawrence, and its people have al-

ways been tough, as they are proving

warmth of a sheltered fire.

once again.

Herald Cribune

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The theory has been advanced that

istence it allows us to float.

draw it together as well.

The Big Ice Storm

Tehran's Overture Is an Opportunity for America

PARIS — The interview given to CNN last week by President Mo-hammed Khatami raised basic questions not only about U.S.-Iranian relations but also about U.S. policy with respect to the so-called "rogue nations."

The stereotypes that have dominated American government and press dis-eussion of Iran were challenged by the intelligence, cultivation, and moder-ation of Mr. Khatami's remarks.

Washington's restrained but positive response was appropriate. Neither government profits from the hostile relations that now exist, while both would benefit from changing their relation-ship to one in which divergent interests are acknowledged but treated in a context of serious dialogue. This clearly is what the American government wants.

Iran has legitimate complaints against American policy during the period when the United States, having placed Shah Mohammed Reza Pahlavi on the throne, supported him as its principal ally in the Muslim world, cynically encouraging his belief that he would make Iran a superpower.

The Nixon administration's contri-hution to the shah's latter-day megalomania, and CIA complicity in his repression of dissidence, were even more ignoble than the Carter administration's pusillanimous abandonment terrorist groups and hostage-takers.

By William Pfaff

of him once be had been overturned by the fundamentalist revolt instigated by Ayatollah Ruhollah Khomeini.

The ayatollahs' revolution has now reached its Thermidor. The absolutist clergy still have much power (the new president exhibits great prudence in challenging their views), but the electorate has overwhelmingly endorsed the relative liberalization and opening to the world that be represents.

Better relations would obviously serve U.S. longer-term interests, but the short-term obstacles in Washington are serious. Mr. Khatami said he wants to engage the American people in "a thoughtful dialogue," rather than the government. Even if that distinction were a useful one in international relations, an improved relationship can come only from U.S. government decisions that have support in Congress

and public opinion.

The critical obstacles on the American side are terrorism and weapons of mass destruction. Mr. Khatami denies that Iran is huilding such weapons or supports terrorism, but the record shows official sympathy for terrorist acts and clandestine involvement with

By Robert J. Samuelson

Terrorism is the weapon of the weak. Some also have been directly or indirectly compromised by it who are not weak, including the United States in Indochina and even, according to recent investigations in Europe, in Italy in the 1960s and 1970s, to block a leftward opening by the Italian government.

Several wrongs do not make a right but they make it necessary for realistic governments to draw a line separating past from present. This is not easy when the terrorist record is exploited by political and commercial enemies of normalized U.S.-Iranian relations.

Iran has been the friend of American enemies and is the enemy of American friends. It is a rival oil producer to other American Mideastern friends. Its continued isolation suits many interests, but also gives it reason to build massdestruction weapons, the ultimate recourse of state sovereignty.

Isolating Iran is neither realistic nor

sustainable as U.S. policy for the long term. The eventual result would be America's isolation, rather than Iran's. Even now the administration is squirm-ing and twisting to find a way to avoid the harm to real U.S. interests that would come from carrying out the reprisals against foreign companies and individuals dealing with Iran and Cuba that Congress has mandated.

Washington's habit of naming 'rogue states,' imposing sanctions on them and trying to force other countries to boycott them, is now creating more

problems than it purports to solve.

Nominating Iran, Cuba, Libyu, Sudan and Iraq (and China in the not so distant past) as pariah states. Washington has accomplished little more than add to the general fund of human unhappiness. It has rarely deterred one of those governments from doing whatever it really

was determined to do. Iran has been a major power in the Near East since antiquity. Five centuries before the Christian era, the Persian empire extended from Greece to today's Pakistan and Afghanistan. It remains the major power in the region, and be-cause of its energy resources probably the richest one. The region as a whole, where Iran is steadily developing its influence, promises to become the most important energy source on earth.
The notion that the United States can

somehow continue to deprive Iran of the power and influence bestowed on it hy resources and geography is neither intellectually serious nor politically realistic. The new tranian president's initiative is an opportunity for Washington, not a challenge.

International Herald Trahune. Los Angeles Times Syndicate

This Asia Panic Challenges Policymakers Everywhere

WASHINGTON — There is now a dawning recognition that Asia's financial crisis could be far more than a minor mishap for the world economy. This is a global ver-

sioo of a banking panic. Foreign investors are withdrawing massive amounts of money, and local investors are dumping their own currencies for dollars. These crises continue to feed on themselves.

Asia's slump will be worse than originally forecast. Gregory Fager of the Institute of International Finance says South Korea's GDP could drop by 3 to 5 percent this year. We will probably see downward revisions for other affected countries: Thailand, Malaysia, Indonesia, the Philippines and China.

Their deeper slumps will in turn darken the outlook for Japan, which sends nearly half its exports to the rest of Asia. "You're going to have massive bankruptcies in Asia," says the economist Desmond Lachman

of Salomon Smith Barney. That has a disproportionate impact on Japan.' Investment spending will drop. Japan is a heavy exporter

of investment goods (factory machinery, construction equipment, communications gear) to Asia. Under Mr. Fager's forecast, for example, South Korea's investment spending plunges by at least 25 percent.

Think of Asia's economies as a series of banks. In the 1990s they received huge inflows of foreign funds. A lot of these funds actually were loans from foreign banks to local banks and companies. At year-end 1996, such foreign bank loans totaled \$100 billion to South Korea, \$70 billion to Thailand and \$56

billion to Indonesia. These funds (mostly dollars) were converted into local currencies and fueled a spending boom. But now the foreign funds are fleeing because local borrowers used the money for bad investments — unneeded

office buildings or factories. There is a vicious circle. Lending and spending drop. Local currencies plunge as they are sold for dollars. Imports become more expensive and decline; the world economy suffers.

After the Great Depression, most industrialized countries learned to cope with domestic banking crises. There are three defenses; provide deposit insurance, so that depositors will not panic in the first place; close banks with bad loans to maintain confidence in the banking system; and have a lender of "last resort" (the central bank) make temporary loans to banks if there is a panic.

But these mechanisms do not exist globally. There is no worldwide central bank to provide temporary loans or shut bad banks.

A lot of the daily story of the Asian crisis is an effort to mimic these defenses. The IMF has organized huge credits (\$57 bilhon for Korea, \$43 billion for Indonesia, \$17 billion for Thailand) to replace some of the lost foreign capital. South Korea is negotiating with private banks to substitute long-term bonds for short-term loans. "Reforms" sought by the IMF closer supervision of local

banks, more disclosure of financial information — aim to restore confidence among overseas investors. No one knows if the effort will succeed. By their nature, panies are unpredictable. One problem leads to another. One

What we are witnessing is a country's currency depreci-ation may lead to another's.

China has already suffered a loss of competitiveness com-pared with its Asian neighbors that have devalued. Will China devalue? Will foreign capital flee other developing countries (Brazil, Mexico. India)?

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The optimism about the limited impact of all this could still be vindicated. It presumed that forward momentum of the U.S. and European economies would overcome Asia's adverse side effects. But what if squeezep exports cause companies to cut investment? Or suppose disappointing profits depress stock prices, and then pessimistic investors curb their spending?

dramatic redistribution of global capital and its aftermath. What economists blandly call 'policy challenges' abound from Seoul to Tokyo to Washington. Confidence depends on how well they are handled. Washington Post Writers Group.

Déjà Vu in Indonesia So Far, and Worse Trouble Could Be Coming

By George Hicks

TAKARTA — The collapse of מנת נ 1965 makes the present collapse look like the early stages of 1965. Further massive drops are more likely than not. From June to September

1965. President Sukarno's kidoeys were giving out. His visible decline caused tension and a feeling that something dramatie had to happen. Today President Suharto's health is failing, and there is rising un-certainty — everyone is asking: Who will replace Suharto? The political, bureaucratic

and legal system over which Mr. Suharto presides is unchanged in essence from that of the late Mr. Sukarno.

In 1965, anti-Chinese riots were breaking out in Java. Recent riots in Bandung and other parts of Java are similar. Exchange control in 1965

prevented a sudden outflow of Chinese capital and subsequent disaster for the rupiah. Now there is no exchange control, and a single serious attack on the Chinese in Jakarta could reduce the rupiah almost instantly to a fraction of its present value.

Given the hatreds that lurk just beneath the surface, the mounting poverty and unemployment of native Indonesians and the insensitivity of many Chinese, this is a possible scenario.

In 1998 a collapse of the rupiah can shake Wall Street. Few companies in Indonesia will be able to pay their foreign currency debts, which may well exceed \$100 billion. What will happen when the full extent of debt defaults is known?

The late Mr. Sukarno's children were not involved in the economy. Today the Suharto children are in every place where real money is to be made.

ing to get Mr. Suharto to overturn some of the worst examples of nepotism. Most informed Indonesians are skeptical of success, because the ruling family is so deeply entrenched in the economy.

Mr. Suharto succeeded long hardly be repeated today, but a ago in virtually depoliticizing Indonesia, leaving no meaning-ful parties or opposition. In 1965 the Communist Party formed a major center of power that confronted the army. Mr. Sukarno played a balancing role between those forces, and it is generally thought that his failing health

This has caused intense popular led the Communists to make a

His victory over the Communists, after senior generals hald been murdered, was followed in the next six months by a bloodbath in which perhaps half a million people were killed.

That hloodbath scenario cah sharp increase in poverty could lead to street violence and a breakdown of law and order.

The writer, an economist and historian who has lived in Southeast Asia since the 1960s. contributed this comment to the International Herald Tribune.

Are Asians Partners to Be Helped or Rivals to Be Hurt?

PENANG, Malaysia — As the Southeast Asian economic situation continues to deteriorate, people in the region are fast losing confidence in the international programs that are supposed to resolve the crisis.

Many Asians think that the problems have worsened not despite but because of the bailout schemes for Thailand, Indonesia and South Korea.

The IMF has come under widespread and fierce attack for its policies and nontransparent process, and for the way its major shareholders have manipulated the rescue packages to their advantage.

The most widespread criticism is that the IMF's macroeconomie policy conditions especially the raising of interest rates, low inflation targets despite the currency depreciation, cuts in government spending and general economie contraction — are misplaced.

The standard IMF policies were originally designed for economies with high budget deficits and external debts in the public sector. They are counterproductive in Asian countries whose problems are centered on

the private sector. Together with a condition barring aid to troubled banks and companies, these tight fiscal and monetary policies further weaken or kill off companies and banks. Thus they erode instead of boosting public and investor confidence, which is what Asia most needs.

For several years, industrial nations have used hilateral pressures or multilateral fora like the World Trade Organization to try to get developing com-tries to allow foreign companies higher equity ownership and greater market access. Many Asian countries justifiably argued that liberalization had to be gradual, as their domestic tablish full operations as of

By Martin Khor

firms needed time to become more competitive. Opening up too fast would result in transnational corporations displacing local enterprises and dominating their economies. The rich countries are now

making use of the IMF programs to force a rapid or even an immediate opening up of the troubled Asian countries.

In Thailand, where laws were changed in October to allow foreign majority ownership in Thai financial institutions, foreign banks have been actively arranging to take majority shares in many Thai banks and finance firms.

The American Chamber of Commerce in Bangkok is pressing the government to open up the economy further. Last month it issued a statement calling for additional financial liberalization, lifting of all restrictions on foreign ownership of assets, greater foreign particination in the services sector.

and tariff cuts. As part of its IMF deal in early December, South Korea agreed to raise the limit of foreign ownership in local listed companies from 26 to 50 percent. in mid-December 1997 and to 55 percent in December 1998,

The IMF also pushed South Korea to let foreign banks establish subsidiaries and brokerage houses by mid-1998 and enable foreign companies to have access to domestic moneymarket instruments and the corporate bond market.

At Christmas, under the pressure of facing a debt default, South Korea agreed to a revised package. All restrictions on foreign investments in the financial markets and banking sector are to be lifted. Foreign banks and hrokerage houses can esMarch 1988. The bond market will be fully opened to foreign participation by the end of 1998. Foreign investors can acquire 55 percent of listed companies since Dec. 30, and 100 percent by the end of 1998.

These new policies pave the way for foreigners to take over South Korean companies and financial institutions. As the won is at a low level, and the market value of local institutions is low due to their debt hurden and the collapse of the stock market, foreigners will be able to pick up assets at bargain basement prices.

Speaking to the Confedera-tion of British Industry in London recently, Mickey Kantor, the former U.S. trade representative, said the troubles of the "tiger" economies should be seized as golden opportunity for the West to reassert its commercial interests.

Such comments heighten the suspicion that the rich countries are using the rescue packages to their own advantage. No wonder they are preeted with resentment and street demonstrations by many Asians who increasingly see them as instruments for a Western (and Japanese) takeover of some of the region's most dynamic developing economies.

An equally disturbing aspect of the bailout schemes is the way they are turning out to be a bailout not of the troubled countries but of their international Now that steep falls in these

countries' currencies have rendered a large part of these loans unrepayable, the foreign creditors are trying to find ways of getting the governments to

its total \$153 billion external selective aid to local financial debt, \$99 billion is owed by Korean banks and another \$43 billion by corporations. In exchange for rolling over Korean financial institutions' shortterm debts, the foreign banks want the Korean government to guarantee or take over the loans

of the Korean banks. The way the IMF and the rich countries are dealing with the crisis will result in a backlash of resentment and anger when ordinary Asians become aware of what the "rescue" is all about.

programs should address the crisis of confidence instead of making it worse; allow for counter-recessioo policies and

It is not too late to review and change the rescue terms. The

and not as rivals to be stepped

institutions, instead of gener ating deflation and hankruptcies: and arrange for all equitable sharing of losses between foreign creditors and local institutions and people. The rich countries should view Asian nations as partners

to be helped in times of trouble,

on when they have stumbled, or goldeo opportunities for taking over market share when then assets are grossly undervalued. The writer is director of the

Third World Network, a Malay sia-based research and policy organization. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Zola Denounced

PARIS — The students of the Latin Quarter continue to demonstrate against M. Zola, thus posing as the champions of the army. The effervescence was, however, more gay than annoying, though the Prefecture of Police had taken serious precautions. At the close of M, Beauregard's lecture the students came rushing from the lecture room, crying: "Conspuez l'Aurore!" "A bas les traîtres!" One of them, leading the procession which had been formed, carried on the end of a pole a placard representing M. Emile Zola, underneath which was written: "Zola à la potence."

1923: 'English Spoken'

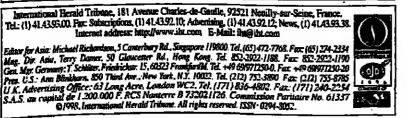
PARIS - Paris is in a go-ahead mood. Her taxi drivers, not content with setting the pace for the The first country where this is being tried is South Korea. Of traffic, are joining with the mo-

tor-bus and street-car conductors in emulating the examples of those policemen who are entitled to sport on their uniform the badge "English Spoken.1 They have organised classes at the headquarters of their track unions in a praiseworthy at tempt to avoid tiffs with Ameri icans and other English speak ing visitors by learning some of their "lingo."

1948: Fast Is Lifted ROME - The Roman Catholic

Church decreed that Catholica may again dispense with the duty of observing fast and and stinence during 1948, condens ing the policy adopted ducing the war, because of hardship faced all over the world. Vatican said that two exactions are made for 1960 however: Ash Wednesday February 11 and Good Price on March 26, when fast and abstinence are to be observed.

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Saddam's Stranglehold, Clinton's Conciliation

By Jim Hoagland

WASHINGTON — Remempromise, conciliation or problem bering what you set out to avoidance. On most foreign hardest part of any complex huthe region and be recombled to the combined and be recombled to the region and the regio man endeavor. America's sevenyear effort to punish Iraq's aggression against its neighbors and prevent future outrages is now endangered by the differing ways political memory serves Saddam Hussein and Bill Clinton.

Circumstances and his own personality force the Iraqi dictator to cling to original purpose with rare clarity and ruthlessness.

His rage and resentment fuel a boundless determination to wreak havoc and destruction on Israel and the United States. Arab neighbors not willing to help in this endeavor deserve to perish. So does an Iraq that is mable to achieve the dictator's gran-

diose, deadly aims. This is the key to understanding the mind and memory of Saddam Hussein: An Iraq that fails him and his ideology deserves to be destroyed. Economic sanc-tions, pinprick bombing raids and other steps that punish Iraq's people but do not shake his hold on power are not deterrents to him. The population's suffering proves its devotion and obeisance to the ruler. Why should he de-prive them of that opportunity?

History has for its amusement juxtaposed Saddam Hussein's stranglehold on original purpose with Bill Clinton's willingness to shift goalposts at the drop of almost any hat that promises com-

Regarding "Algerio Cannot Be

Left Alone With Its Horrors"

(Opinion, Jan. 9) by Flora

The calls for action to stop the

arrocious butcheries in Algeria are coming from the West. Where

are the influential and selectively

ontspoken Islamic nations and in-

ternational organizations? Where

are the Arab spokesmen in the

JOSEPH LERNER.

Jerusalem.

Islamic Silence

accomplish is said to become the policy problems, Mr. Clinton's political memory seems to grow shorter as obstacles to a once essential objective mount.

Remember how the October summit meeting with Jiang Zemin was supposed to help secure China's cooperation on pollution and environmental security, a matter of particularly grave concern to the president before the summit? That theme disappeared last month when Beijing stiffed Washington in the crudest possible terms at the Kyoto con-ference on climate change, with-

out paying any price.

Incremental spin control over news cycles has become synonymous with damage control for this administration. But they are not the same, as the extended confrontation Saddam Hussein has provoked over UN inspection rights demonstrates in its third month.

The administration's lame explanation for its passivity is that the dictator is stupidly punishing himself: Economic sanctions will stay on Iraq longer because defiance delays the day when the Security Council will lift them.

The explanation is lame not only because Saddam Hussein doesn't care about sanctions. It is lame because it is not true: Russia, with French support, is now pushing a resolution in the

Obesity as Symptom

(Jan, 2):

Regarding "Obesity Is Not the

A doctor quoted in the story

Killer Doctors Thought It Was"

said that there is no good treat-

ment or proven prevention for

obesity — as though it were some mysterious ailment!

Obesity is simply a symptom of a disease that has infiltrated

the entire Western world. We live

in societies that worship passive

entertainment and self-indul-



facilities and hidden missiles. Moscow, Paris and other nations believe the standoff has demonstrated the need for sanctions to be lightened and for Iraq to have "light at the end of the tunnel." A U.S. veto of the Rus-

sian move is likely to exacerbate the growing international opposition to sanctions and complicate Mr. Clinton's planning for a probable midvear summit meeting with Boris Yeltsin, Sauctions cohesion is fragmenting. Finally, the explanation is

lame because it obscures the original purpose of the U.S. and international stand against Iraq. Maintaining economic sanc-

Russia, with French support, is now pushing a resolution in the Security Council to close out inspections in Iraq for nuclear an end unto themselves, as White

If we respected our bodies

taking them out into the en-

ALISON MISSELHORN.

Palma de Mallorca, Spain.

Regarding "Going Down to Tel

riv: Cafés and Chaos of Urban

beautifully restored ancient port

Isroel" (Features, Dec. 26): The article mentions 'the

by feeding them bealthily and

vironment they were designed to

revel in, obesity would not be

such a problem.

Visiting Jaffa

House and State Department spin controllers seek to suggest. fettered intrusive inspections to

obtain the cease-fire that ended the Gulf War in March 1991. Within 120 days of the U.S.dictated cease-fire, Iraq was to have destroyed all its weapons of mass destruction and the facilities to produce them. Baghdad was also required to turn over all manuals and information for building atomic, binlogical and chemical weapons and longrange missiles, and a list of its

foreign suppliers. These unprecedented restrictions constituted a recognition by the international community of the uniquely predatory threat posed by Saddam Hussein's re-gime. But Baghdad bas singlemindedly chipped away at its pariah status, slowly winning from the United Nations treat ment as a sovereign member of the family of nations again.

lraq is nearly six years overdue on its obligations to the international community. But Washington wanders through each new confrontation with Saddam Hussein as if trying to remember an increasingly distant original purpose, refusing to take the lead in declaring Iraq in material breach of a cease-fire purchased with American, European and Arab blood.

No one should forget what that cease-fire cost, nor what it was intended to accomplish, however convenient forgetfulness may seem at the moment.

The Washington Post,

In a Growing Universe, Can the Hotel Be Full?

By John Allen Paulos

from two teams of astronomers lend support to the idea that the universe will continue to expand forever and is potentially infinite. While these studies resolve

some mysteries, they leave others For instance, it does not take an

analytic philosopber to feel un-MEANW'HILE

easy when applying temporal and spatial concepts to cosmolngy. In these new studies, the term "Big Bang" is seemingly used in a standard way, but is it?

"Five minutes before the opening kickoff of the Super Bowl" makes sense, but what is meant by five minutes before the Big

Bang''?
The concept of infinity is particularly puzzling, in abstract terms, it has been shown by mathematicians to make perfect sense. There are, for instance, infin-

itely many numbers. But applied to the physical universe, the concept of infinity becomes much more elusive, if not ridiculous. Imagine arriving at the Hotel Cosmic and being informed by an officious clerk that the hotel is full. "There is nothing I can do, I'm afraid," the clerk intones.

If you are feeling argumentaove, you might inform the clerk that the problem is not that the botel is full, but rather that it is both full and finite, If the hotel were full but infinite, there would be something he could do. Although all the rooms would

be full, he could tell the party in

DHILADELPHIA — New data Room 1 to move into Room 2; the latter party could move into Room 3, whose present occupant could be moved to Room 4, and so on.

In general, the guest in Room N could be moved into room (N (fs20u)+ 1). This action would deprive no one of a noom yet would leave Room I empty.

This is an interesting intellectual exercise (at least for us mathematicians), but tell me, does it help you secure a bed?

Archimedes may have been among the first to use very large numbers to measure the universe. For instance, by estimating the size of a grain of sand, he determined how many grains would be required to fill the universe.

(One wonders how he would react to the news that a steadily increasing number of grains would be required for the job.) Archimedes also used elementary physics to speculate how long a lever would be necessary to

move the Earth with the touch of

(Suffice to say, it would be very, very long.)

Mathematics has gotten more complex since the days of Archimedes, but the same prob-lems remain. Mathematical concepts, be they simple arithmetic or intinite set theory, make sense in the abstract, yet when applied to real things their logic frequently becomes quite problematic. So while discoveries like a

forever expanding universe are exciting, we all must distinguish carefully between abstract mathematical models and the physical enuities they are meant to elucidate.

Of course, if the latest discoveries prove true, we have forever to sort things out.

The writer, o mathematics professor at Temple University, is the author of "Innumeracy" and "A Mathematician Reads the Newspaper." He contributed this comment to The New York Times.

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DEPO TO A STATE OF THE PARTY OF grand t

By John McCabe. Illustrated, 439 pages. \$29.95. Alfred A. Knopf. Reviewed by Wilborn Hampton

TF it's true that imitation is the sincerest form of flattery, then James Cagney must have been the most adulated movie gur in the history of Hollywood. It's a safe bet that any mimic who has ever stood before a comedy-club audience, not to mention countless party cutups and office clowns, has somewhere in his repentery an impersonation of Cagney, even if it's nothing more than hunching his shoulders and snarling, "You dirty rat."

Yet for all the familiarity of Cagney

the actor, the man himself remained eln-sive, what his close friend Pat O'Brien called "a faraway fella." When John McCabe, the anthor of several celebrity biographies and an actor himself, undertook to ghostwrite Cagney's autohiography in 1973, the actor warned him that he had no intention to produce a Control of the contro "tell all" book because the average reader did not want to know "every jot

and tittle about a guy's life and work."

Reminded that he himself liked to learn as much detail as possible about the myriad subjects that interested him. Cagney smiled and replied, "Jot, yes; tittle, no." Now, more than two decades after that

autobiography, "Cagney on Cagney" (1976), appeared and 11 years after the death of the actor, McCabe has undertaken to supply a few of the tittles left out of the earlier book.

While the antobiography concentrated more on Cagney's early life, McCabe's new biography emphasizes his work as an actor. Indeed, the best parts of "Cagney" are the tales and reminiscences from the more than 60 movies he made in a career that spanned more than half a century.

from "Sinner's Holiday" in 1930 to

'Ragtime'' in 1981. This is a book that should be in the reference library of any serious film buff if only for the excellent indexes and appendixes, which include all Cagney's stage roles, radio plays, television appearances and feature films: complete with writer, director, cameraman and full cast.

"Cagney" is unashamedly written from the point of view of a devoted fan, felt for his fellow actors and crews was

although McCabe makes no attempt to hide the occasional irascibility and ec-centricity of his subject. It is written in straightforward, workmanlike prose. Even lifetong disappointments, like the estrangement between the actor's wife and his brothers, are reported without commentary. Often, the anthor simply opens his interview notebooks and lets the actor speak for himself.

McCabe's passages on Cagney's professional life underscore the versatility of the actor's roles. He began life as a hoofer in Broadway chorus lines and even played vaudeville before getting his break in films in 1930. Cagney did it all: romantic comedy, westerns, war movies, musicals, Shakespeare, tearjerkers and flag-wavers. There was one 11-year period in

There was one 11-year period in which he didn't make a single gangster movie, from "Angels With Dirty Faces" (1938) until "White Heat" (1949). During that time be made such diverse films as "The Oklahoma Kid," "The Roaring Twenties," "The Fighting 69th," "The Strawberry Blonde," "Yankee Doodle Dandy" and "The Time of Your Life." McCabe provides a weelth of stories about every movie. in each film.

If there are no hidden scandals re-

vealed in the book, it is only because Cagney never provided the material, as so many of his contemporaries did. He was happily married to the same woman, whom he lovingly called Willie, for 64 years; be went bome after work every day instead of carousing with the rest of the cast; he read books between scenes

LETTERS TO THE EDITOR

Horst Buchholz, who kept trying to up-stage Cagney in Billy Wilder's "One, Two, Three." "I got riled at S.Z. Sakall in 'Yankee Doodle Dandy' for trying to steal a scene, but he was an incorrigible old ham," Cagney said. "No harm in the old boy. But this Horst Buchholz character I truly loathed." Cagney never saw the finished movie because he didn't want to set eyes on Buchholz again.

A bonus to McCabe's film-by-film commentary on Cagney's movies, especially for aspiring actors, is the informative digressions on how be approached his roles. Cagney told McCabe he could sum up his acting technique in three words: "Just do it."

But Cagney also liked to add what he called "goodies" to a characterization. By that he meant finding something funny, or at least burnan, even in the worst and nastiest of villains, through which the andience could identify with the character. If there was a secret hidden in the Cagney formula, it was most likely in a reply be gave to Frank Sinatra, who once asked him how he could make gangsters so likable. "Be wealth of stories about every movie, as tough as you want," Cagney said, from the actor's fends with Jack Warner "but sprinkle the goodies for laughs here to how Cagney developed his characters and there. 'Cause anything they can laugh at, they can't hate."

BRIDGE

tie held in Bangkok.

La trivial academic question, eration since 1951 and double, would have required for on it hinges a matter of was president of the Swiss double-dummy defense startgreat importance to bridge Bridge Federation for 33 ing with the heart ace. players: the eventual inclusion of bridge in the Olympic Games.

When he visited the Six clubs would have been defeated by an unlikely king lead in clubs or bearts but had The International Olympic tober, he was an interested a chance after a normal lead WEST(D) Committee has for many spectator of a Viewgraph of the spade king. South • A K to 0 673 • 642 wears been trying to define match between two teams ruffed in dimmy and should $9 \, \text{K} \, \text{J} \, 753$ $0 \, \text{10.98}$

Switzerland, is pressing for a definition that includes the word intellectual. If he succeeds, bridge is likely one day to be part of the Winter Olympics. It has one obvious on the control of the winter of the wi advantage for the organizers:

no trump as a strong take-out would have only diamonds. A The hide move. Five spades was a good finesse of the diamond 10 or West but simply a hotel with a ballsave in the legil of the various force in the legil of the

By Alan Truscott

Mr. Hodler has a strong interest in physical sports and in bridge. He has been president the contract by two tricks, for a penalty of 500, assuming a won the match.

TS bridge a sport? That is not a principle of the International Ski Feddon by two tricks and the contract by two tricks, for a penalty of 500, assuming a won the match.

"sport," and its first vice president, Marc Hodler of stage, Italy and China.

On the diagramed deal the Switzerland, is pressing for a Counterly and Should VR.

Indicate in minimy and should VR.
have made these plays: heart of ace; beart ruff; clinb to the ace; keart ruff; spade queen for-

would have only diamonds. A The bidding:

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tourists should visit the Arab of Jaffa, with its fine little art shops and cozy restaurants" and neigbborhoods of Ajami and adds: "Beautifully restored old Jaffa is a city that has kept much of its Arab beritage, with a throb-bing flea market and minarets."

This postcard image gives the impression of a quaint Arab ghost town lovingly restored. In fact, the port 'restoration' project erased any trace of the rich maritime heritage of Jaffa. Similarly, old Jaffa's restoration is devoid of any reference to the city's Arab

beritage and history.

To get a real feel for old Jaffa,

Jabaliyye. Just south of the old city, they are a no-man's-land where several thousand Palestinians live in humiliating condi-ADILA LAIDL

ANDRE MAZAWI. Ramallah, West Bank.

Privacy Threatened

Regarding "Forget James Bond: The New Interpol Is the Real Thing" (Jan. 6):

I for one am not rejoicing at the establishment of the first building block of a world government, even if crime-fighting is its aim. 1 see no way whatsoever to protect an individual's privacy in such a system. What a pity for the

West to have won the Cold War

only to impose international tracking and the wholesale loss of What's next, international tax collection to fight money laun-

ROBERT ELLMANN.

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In the Growing Satellite-Imagery Industry, a Few Strange Bedfellows

By Brian Knowlton International Herald Tribune

THE satellite-imagery industry appears to be entering a phase of especially rapid growth, bolstered by new technology that allows detailed photos of clouds, land or oceans to be provided in days rather than months. The photos are enhanced to astonishing degrees of clarity and sold at prices low enough for individual farmers to afford.

An unlikely sounding hilateral alliance appears poised to grah a growing portion of this market: a venture between Space Imaging Eosat, a cutting-edge Colorado firm that is 49 percent owned by Lockheed Martin Corp., and the space program of India, which has origins so modest that one of its first rocket payloads had to be wheeled to a launching site on a cycle.

The marketing arm of the Indian Space Research Organization provides satellite images with resolution of up to five meters (16.5-feet), the finest now commercially available, putting it ahead even of commercial programs in more highly industrialized countries.

A satellite image with five-meter resolution is able to clearly define most objects of that

The five-meter resolution was to have been surpassed on Dec. 24, when EarthWatch Inc. of Longmont, Colorado, launched a three-meterresolution satellite from a base in eastern Russia. The company had promised that its Early Bird images would end government monopolies on spy-quality space imagery. But ground controllers lost contact with the satellite. An Earth Watch spokesman said the company remained "moderately optimistic" about restoring contact.

Meanwhile, Space Imaging Eosat is nearing a scheduled March launching of its Ikonos satellite with one-meter accuracy, which would enable it to identify small plants. A rival, SPOT Image Corp. of Reston, Virginia, is to launch a new high-

SITES

- Here are related sites on the Internet: Spot Imaging Services satellite imagery
- products are at:
- www.spotimage.fr SkyWatch satellite and radar images are at:
- www.earthwatch.com/satellite.html General information about satellites and images can be found at:

www.psych.upenn.edul~baronldavidlsatel-

esolntion satellite in March. Israel, Russia and China plan to do the same in the next few years. Through these high resolutions, low pricing

and quick turnaround, industry specialists say, the onetime dream of farmers being able to detect disease in a single tree without setting foot in an orchard, or of real estate agents being able to escort clients on 3-D virtual tours of neighborhoods in faraway cities, is moving closer to

The Indians have a large and growing constellation of satellites (12 are slated to be in space by 2004). With its low labor costs, India builds satellites at far below Western prices. It also hopes to be able to offer its Geostationary Satellite Launch Vehicle for commercial use once experimental launchings are completed, which a high-ranking Indian space official said would appen very soon.

India's space program, based in Bangalore, had simple beginnings. It was designed less than three decades ago to help wrench a backward economy forward by increasing agricultural pro-duction, aiding urban planning and providing television services and telegraphy to rural areas. The program has grown rapidly, however, and spawned a rippling array of associated companies in the fields of aeronautics, avionics, propulsion, chemicals, materials and engineering.

Krishnaswamy Kasturirangan, chairman of the Indian Space Research Organization, says the program has helped Indians prepare for droughts, control flooding, develop fisheries and survey urban development. Satellites have provided better weather forecasting, saving hundreds of lives along the cyclone- and flood-prone eastern coast of the country.

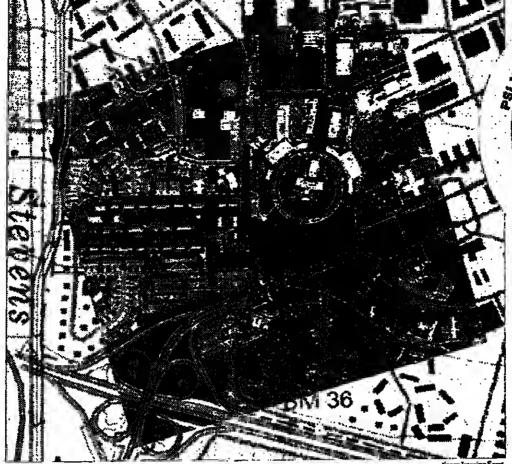
India is now commercializing such services

and claims to be making money off them.

TEW high-speed microprocessors enable clients, at reasonable cost, to view enormously large files of digitized information using desktop computers. "Imagery files can contain an immense amount of data," said Brian Webster, communications director for Space Imaging Eosat. "Our Ikonos imagery is l 1-bit imagery, which means for every pixel, or dot, "on your computer screen, we use 11 hits to describe its color, its intensity.
"It would have been unheard of as recently as

five years ago to provide this data to a commercial market, because the processing capacity didn't exist in an affordable form," he contimued. "But that has all changed."

Facing rivals such as SPOT Image, which sells imagery from the European SPOT satel-



A representation of Eosat's one-meter-resolution image of Mountain View, California. lites, the U.S.-Indian alliance expects its 10

percent share of the remote-imagery industry to grow to perhaps 60 percent within six years, said a spokesman for the privately held Colorado

That market, now estimated at \$500 million to \$1 hillion, depending on what is included, is expected to grow to perhaps \$2 hillion within a few years. Moreover, fears in the industry even a few years ago of a rapid shakeont, leaving perhaps only one or two successful satellite-image providers, appear to be easing.

The international markets are growing to the point we can really support all of these new providers," said Renee Saunders of SPOT Im-

age. "The more satellites that are up there, the better for all of us."

One-meter imagery, previously the domain only of spy satellites, was allowed commercially in the United States only by a presidential directive signed in 1994. Spy satellites today provide even greater than one-meter resolution. But so far, Mr. Webster said, the commercial viability of even one-meter resolution had yet to be proved.

For black-and-white photos at five-meter resolution, Space Imaging Eosat charges about 50 cents a square kilometer (prices vary ontside North America). But for one-meter resolution, the price rises to \$10 a square kilometer. Space photos in commonly used sizes cost from \$350 to \$750.



The industry hopes that modern farmers many of whom now have satellite-based Global Positioning System, or GPS, devices in their tractor cabs, will pay those prices, which will allow savings in fertilizer and pesticide use and

HE GPS, originally developed by the U.S. military, allows users carrying a small receiver, available for as little as \$100, to determine their location with tremendous pre-cision. This process, which relies on messages from sarellites, is particularly helpful when landmarks are scarce, as in a vast farm field. Farmmachine makers such as Deere & Company now offer them routinely.

Agriculture is perhaps the third-largest market for Space Imaging Eosat, Mr. Webster said. The second, he said, is telephone, gas and power utilities that are able to save thousands of dollars. in the costs of mapping, planning maintenance, and placing new lines or transmitting towers.

Eosat's biggest market is governments, split about evenly between North America and primarily Europe and Asia. While the U.S. government has the right to bar sales of imagery to any foreign customer at any time, the company is not obliged to clear its client list in advance.

Mr. Webster said the U.S. government's sense

was that in general, greater availability of satellite imagery was a good thing, allowing such "benign intelligence functions" as treaty verification and border monitoring.

TECHNOLOGY INDEX

North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	286.49		-1.40
Standard & Poor's Technology Composite	704.64	164	+ 0.67
Europe Morgan Stanley Eurotec	437.78	3.70	-2.18
Asia Topix Electric Source: Morgan Stanley, Bloombo	1626.74 erg News		-1.06

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at http://www.iht.com. Articles include:

- Microsoft Now in the Dashboard Jan. 9 Motorola Said to Double China
- Investment Jan. 9 BT to Raise Charge for Directory
- Assistance Jan. 10-11 Computer Stocks Lift Wall Street Out of
- Asian Turmoil Jan. 13
- Project Jan. 13 · BskyB Plans Digital TV in 2nd

Siemens and Motorola Detail Chic

- Quarter Jan. 13
- Motorola Profit Shows Silver Lining Jan. 14 Setback for Microsoft in Antitrust Case Jan. 14

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@int.com.

Companies to Fine-Tune Digital TV to Analog Sets

By Sabra Chartrand
New York Times Service

ANY people may not be ready to huy a new television when digital high-definion broadcasts begin in the United States and Europe later this year and in Japan in 2000. Lots of others will not be able to afford the new sets.

But their old analog sets will have to be capable of receiving digital signals, which will require a decoder. This is a device that can "down-convert," in industry lingo, a digital signal into an ana-log signal that can be received, recorded

and played back by conventional sets. Hitachi America Ltd. has received a patent for a decoder that can translate digital high-definition, or digital standard-definition signals, into an analog signal. High definition is a digital signal with greatly improved picture quality; standard definition is a digital signal with

the same resolution as analog television. Broadcasters are interested in both signals because they offer singular advantages over analog television. High definition offers a great picture, hut transmission is so complex that it fills an entire channel. Standard definition offers an ordinary picture but leaves enough room in the channel to broadcast

more than one signal. So when broadcasts of digital television begin, viewers will probably watch some combination of high and standard definition. The most common proposal is to have several standard-definition channels during the day, and one high-definition prime-time channel

Building a decoder that can handle both signals is an expensive undertaking, one that makers thought would make inexpensive analog televisions almost as costly as some digital sets. That is because the vast amount of data in an HDTV signal requires at least 10 mega-

bytes of computer memory. But Hitachi says it has patented a technology that cuts those costs by maximizing the common circuitry used to down-convert both high-definition and standard-definition pictures. The Hitachi decoder accomplishes

this by "preparsing" and "down-sampling" — two terms for reducing the amount of data used to represent digital pictures. Bytes of data used to represent pixels, the points of light that make up a video picture, are reduced from eight bits to five, six or seven.

Markers indicating luminence - the definitions of brightness - or chrominance — the definitions of color — are limited to a predetermined amount. Less data mean the decoder can use a smaller channel buffer - where the digital signal is temporarily stored — and less com-plicated circuitry to process the signal.

The lesser character in the drama surrounding the evolution of digital television has been the videocassette recorder - what of its technology?

N THE EARLY 1990s, the leading electronics manufacturers agreed on a new technical format for VCRs that could record and play back a digital signal. To accommodate the complex signals of digital television, the standard they chose used a magnetic tape of a different size from what is found in today's cartridges. New electronic ciscuitry was necessary, too, to replace

analog VCRs with digital models.
This next generation of technologies meant that, ultimately, consumers would have to huy new VCRs to record a digital television signal. And their old tapes would not play in those new machines.

Now Goldstar Ltd., a South Korean electronics company, has won a patent for a VCR that can record and play hack a digital signal on current Super-VHS tapes. Goldstar is part of LG Electronics, which also holds a majority share of Zenith Electronics.

In step with Goldstar, Victor Co. of Japan, a unit of Matsushita Electric Industrial Co., also announced plans to introduce a digital VCR that uses standard-sized tapes. Thus yet another war over formats may be brewing in the digital-television revolution.

ALT /Commentary

Europe's Low-Tech Teletext: Clunky but Durable

By John Burgess Washington Past Service

ONDON - As Europe looks forward to the arrival of digital television this year, it is time to take an appreciative look back at some old television technology: teletext.

standard, free service on millions of televisions. In Britain, two-thirds of all TV sets can receive it, and surveys show about 19 million people a week using versions offered by a company called Teletext Ltd.

Teletext technology is nothing fancy. It employs a long-established electronic data conduit called the "vertical blanking interval" to add text and graphics to the signal of any TV station. In the United States, it has been used primarily to send closed captions

to people with hearing disabilities. Europeans consult teletext to see what is on television or whether rain is likely to douse a picnic. They find out soccer scores or the speed of the greyhound they bet on. They check out

SITES

Related sites on the Internet: What went wrong with videotex is explored at www.well.com/user/ mmcadams/videotex.html

• "A History of Electronic Puhlishing" explains how teletext was de-veloped. www.jou.ufl.edu/people/faculty/dcarlson/ehist\ehistory.htm · All of Britain's teletext pages are listed at www.teletext.co.uk/

and stock quotes — securities firms anyone flipping over to teletext would not be watching the shows that cost so leys in orders based on when the name much to produce. bers on teletext are updated.

For a few people, it has become their to offer something similar. primary source of news, overtaking television, radio and newspapers. For others, it has become another reason to fight over the remote control. Not only can you cruise the channels here, you can stay on the same one and jump between teletext pages indefinitely.

What is happening is that the local TV station is pumping ont a collection of pages of text in sequence, over and over, about 10 per second. When you switch to text mode on your remote-control channel changer, you see on the screen a menu that identifies pages by number. By keying in the page number, you are in effect telling

your set to grab that page next time it comes in and display it. That can take 10 seconds or more. Why didn't it catch on in the United States? Largely, it seems, because of differences in how the TV industry is

BS, for example, tried teletext in the 1970s and early 1980s but gave up. Broadcasters in the United States generally were skeptical of the whole idea. They were concerned, for one thing, that they would

structured.

vacation cruise packages, find pen pais be competing against themselves -

There was no organized effort by the Commercial services have ads as industry to get receiving equipment well. "Win Instant Cash" says a flash- into American homes, and teletext died ing banner on one page. "Pay Off All a largely unnoticed death just as com-Your Debts Now!" says another.

> Things happened differently in Europe, where government and industry like to get together and decide which services work, rather than letting the market decide. In Britain, where the noncommercial BBC dominated TV broadcasting in the 1970s, its decision to go with teletext meant that set

makers had to follow suit. More than 20 years later. the technology is showing its age. The graphics are clunky, like those that computer screens used to show a decade ago. TV screens are not great

at displaying text, so the letters have to be hig and the reports short -- 39 characters per line. And the rise of on-line networks has made teletext's lack of interactivity an ever more

glaring shortcoming. The medium is essentially one-way you can think of each page of text as a minichannel that yon've tuned to. Vacation packages are often sold via teletext, but the way it works is simply that you scan the pages until you find a deal, then call a phone number on the

screen to place your order. Still, teletext companies have struggled mightily to add something resembling interactivity. Air travel services offered over Teletext Ltd., for example, allow you to customize pages to get specialized flight information by pressing touch-tolde keys on a tele-

Produced by about 90 people, the BBC's Ceefax teletext service is operated as a service to the people of lion people a week. It carries no advertising, drawing instead on subscription fees that households pay.

PAYS CHINCAL

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THE PERSON NAMED IN Mary Contract

Teletext Ltd. provides the service found on two of Britain's three commercially operated TV stations. It is government-licensed, acting in effect as an independent broadcaster that just happens to use the signals of those stations. Its income is primarily from ads - companies can target customers

with ads on specific pages.
The British services now are looking forward to the advent of digital television in coming years. With that technology's greater transmitting capacity, they are hoping for sharper graphics, pages with photographs and better interactivity.

But in the meantime, millions of people find the present version just fine. It's low-tech and it's one-way, but it works. You don't have to huy a computer, fight to make the software work, de up your phone line or pay a monthly fee. You just hit a "text" hutton, and there it is on the screen.



ALT, the name of this column is meant to symbolize the "Alt" key — alternate — on most per-sonal computer keyboards und is expressed here.

BRIEFLY

• FLATTENING EFFECT: Sharp Corp. and Semicooductor Energy Laboratory Co. say they have developed liquid-crystal display technology that will make possible the development of paper-thin computers.

The technology, called "continuous grain silicon," would allow the development of a large glass panel that incorporates both chips and thin-film-transfer LCDs, Sharp said. The company expects products incorporating the new technology to begin contributing to its profit in the year that starts April 1.

The technology also allows LCD screens and chips to be manufactured in the same process, a Sharp spokesman said. That would enable the development of high-speed multimedia terminals, including personal computers and credit card-sized communications tools, formed on a single glass sheet of any

size, the company said. Under the new process, electrons travel through semiconductors in LCDs about 600 times as fast as they do in the amorphous silicon TFT LCDs that are widely used at present. (Reuters)

• COLD WAR REUNION: Margaret Thatcher and Mikhail Gorbachev, better known for global politics than for graphical-user interfaces, will headline the 1998 World Congress on Informadon Technology in Fairfax, Virginia,

event organizers said.

The former British prime minister and the last Soviet leader will be among the

visiting luminaries at the conference June 21-24 that organizers hope will attract about 1,800 business, technology and political leaders from around the world to George Mason University. The biennial event was last held in Spain in 1996.

The World Congress is not designed for the grass-roots technology buff or the casual Weh surfer. Rather, it is designed for high-level decision-makers; the admission price is \$1,250. 'The ideal beneficiary of the event will be senior executives from the IT

industry," said Jim Poisant, execuove director of the 1988 World Congress, referring to information technology. There will be special emphasis on networking of the human rather than computer variety, Mr. Poisant said, with a series of meals, receptions and golf

outings to help cultivate relationships

among attendees. • ON-LINE IN THE U.K.: Awareness and usage of the Internet has grown steadily in Britain over the last five years, but the typical users continue to be young men with white-collar jobs, according to a survey released Wed-

Continental Research, a British media research firm owned by the U.S.-based media research and ratings company Arbitron, said it had found that 92 percent of British adults were aware of the Internet compared with 68 percent in 1992. The survey polled 2.085 people aged 15 and over and 200 regular internet users.



Top bills Gorbachev and Thatcher.

Among regular users of the Internet, men outnumber women almost 3-to-1, the survey said. According to its findings, 38 percent of users are under 24 years old, 26 percent are 25 to 34 years, 20 percent are 35 to 44, and 15 percent

Regular users have an average annual income of £31,000 (\$50,620), compared with a national average of £17,500, Continental Research said. (Reuters)

• OPEN LINES IN ASIA: Japan has the most competitive telecommunications network among 10 Asian and Pacific countries studied in a survey by the National University of Singapore The survey, called the Asia-Pacific

Telecommunications Index, ranked Australia second in compedoveness, followed hy Singapore.

About 160 major corporations with operations in the region were interviewed for the survey, which was based on prices that multinational corporations are charged as well as service. choice of networks and transparency of local regulators.

The report ranked Thailand, Indone aia and the Philippines as the least competitive markets for telecommunica-

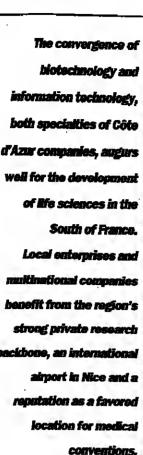
• PATENTLY INVENTIVE: International Business Machines Corp. continued its dynasty last year in a closely watched intellectual contest, receiving the most U.S. patents of any company in the world, according to the annual Pat ent Intelligence and Technology report released by IFI/Plenum Data Corp. of

Wilmington, North Carolina, IBM, which has led the list for five years in a row, received 1,742 U.S. patents in 1997. It was followed by Canon Inc., with 1,381 patents, NEC Corp. with 1,101 and Motorola Inc. with 1,065. Of the top 10 companies listed, seven were based in Japan and three in the United States.

The IFI/Plenum species which benefit

The IFI/Plenum survey, which begins 1975, is seen within technology circles as a measure of a company commitment to research and of its abil ity to translate research into products.

inge Bedfellow CÔTE D'AZUR: WHERE HEALTH SCIENCES FLOURISH



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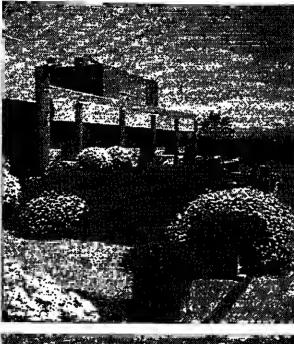
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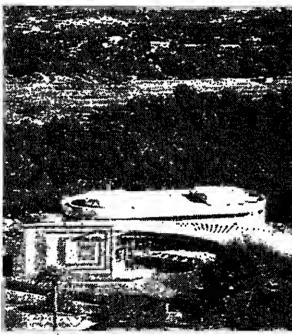
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Clockwise from top left: derma Internationa ter for Dermatology Research: production at phytotherapy firm;







RESEARCH AND COMMERCIAL DEVELOPMENT GO HAND IN HAND

The health sciences industry on the Côte d'Azur, which boasts top facilities and a favorable business environment, generates about \$1.6 billion a year.

d'Azur's economy counting for the rest. currently encompasses 200 companies and 10,000 employees, generating 10 billion

this sector.

Top facilities

Faculty Patrick Rampal.

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A GROWING CRITICAL MASS

OF INTELLECTUAL RESOURCES

THE PROVENCE-ALPES-MARITIMES-CÔTE D'AZUR (PACA) region has

the second-largest concentration of public research in

France after Paris, with about 100 public research lab-

oratories in the health sciences. About the same number of

companies conduct research and development activities in

"Fifty-five percent of total research in France is done in

What is important for businesses and organizations

operating in the health sciences is a critical mass of public

and private research initiatives combining basic and applied

research, plus a university or a medical school as a focal

That is the case on the Côte d'Azur, where 57 of the area's 100 labs are affiliated with the University of Nice-

Sophia Antipolis (UNSA). UNSA offers 15 health-related

The university's medical school alone has 20 research labs and a 2,000-bed hospital complex, plus 10 additional labs

devoted to clinical research. In 1997, its students had the highest success rate in France in the nationwide exam to become medical specialists, with 65 percent of those taking the test succeeding. Two Nice students received the

square-meter (54,000-square-foot) enlargement of re-

"Close cooperation between basic and applied research

Happoints out that the geographic location of the region is

"We are a border zone near both Spain and Italy. The

European Union has funding for projects that encourage

cross-border exchanges and we are logistically well-placed

to take advantage of them. Our faculty has cooperation with

Genoa and Turin; we are twinned with the latter and we

The medical school is not the main site of research activity

One of these is the Galderma International Center for

Demnatology Research (CIRD), set up in 1979 in part-

nership with Nice's University Hospital. Together they cre-

ated the Applied Clinical Pharmacology Center for Der-

matology (CPCAD), which has 1,200 patented products and

is one of the world's leading basic research dermatology

Other important regional research centers fall under the

aegis of the Health Care Research Institute (IRPS), the

Federative Research Institutes (IFR), the National Center for

Scientific Research (CNRS), the National Institute for Health

and Medical Research (INSERM, equivalent to the National

Institutes of Health in the United States), the National

Institute of Research for Information Technology and Auto-

mation (INRIA) and the National Institute for Agronomic

in the region. In Sophia Antipolls alone, there are about a

share some specializations, such as pharmacology."

dozen research laboratories in life sciences.

labs is desirable, and that is what will be built," he says.

second- and seventh-highest scores overall.

search facilities in the hospital complex.

to medical students after their first year of study.

disciplines for 27 degree or training courses of study.

Paris,"says Michel Lazdunski, director of the Institute of Molecular and Cellular Pharmacology. "But quantity

doesn't necessarily mean quality."

Although a core of familyowned companies has been operating in this sector for francs (\$1.6 billion) annually. decades, the region's poten-About 42 percent of these tial for health sciences has in information and commu- institute of 100 researchers ology is located there. Wil portant as funding for future companies are engaged in come to international atten- nications technology. focusing on cellular and mo-pharmaceutical activities and from more receivity, with the

tion technology. That trend augurs well for the region, which has created

ley"to underline its expertise - Institut in 1991, directs the

for major health-care companies to locate — or relocate Specialized centers - to the French Riviera. pends on a partnership be- ical instruments, transplants, will be belpful."

faculty of medicine at the University of Nice.

The region boasts three At Sophia Antipolis, pro
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Sophia Antipolis, protance teaching have been un- own area of concentration: the der way for several years to University Hospital of Nice in Center in Nice and the Palais Health (CREDES). benefit doctors and patients cardiovascular systems; the des Festivals in Cannes.

and around the world. Pharmacology in Sophia An- and infant heart surgery.

the bealth sciences 45 percent in biomedical, increasing convergence of tipolis (the science park near sector of the Côte with associated services ac- biotechnology and informa- Nice that is home to many Nice that is home to many Telecom Valley members). Michel Lazdunski, wbo

> won France's prestigious the moniker "Telecom Val- Prix de la Fondation Athéna-Public/private partnerships the pathological approach to

> > Other categories for research

"The development of the or commercial development tween public and private [re- biomaterials, nutrition, pharsearch] activities," explains maceuticals, veterinary ferences are held on the grew six times faster than ter's products is a box for the introduced an all-plant-based Patrick Rampal, dean of the products, imaging and im-

in rural France, in Europe Institute Arnault Tzanck in

Cardiologists also have neighboring Monaco, 10 pertheir own facility for training cent from the rest of Europe, and education, the European and 2 percent from the Heart House, opened in United States. Sophia Antipolis in 1993. For small, locally based

The headquarters of the European Society of Cardiforeign companies are as imadministrative branch of the cost of new products and the been my dream to live area," Mr. Martel adds. ESC and the facility, says that need to export. The cost of locating in the South of about \$400 million in 1996. base for cardiology in Europe ical discoveries in 1996, and private health-care sector de- on the Côte d'Azur are med- and the expertise in Sophia the country is a net exporter purposes. His success pressed concern about the

of pharmaceuticals, Employjects in telemedicine and dis-ment centers, each with its premier convention sites are search. Studies and Docu-keted by FDM Pharma, a of the capsules last year, repthe Acropolis Convention mentation in the Economy of

nd around the world.

Nice, encompassing cardiac High exports and new jobs bencfit from its specialized Equally influential is the surgery experimental surgery One-fifth of the region's enterprises; public research. presence of research labs like and medical testing; and the health-care companies were training and education; and a the world-renowned Institute Cardio-Thoracic Center in started with foreign capital, commercial environment of Molecular and Cellular Monaco for cardiac surgery mostly from Europe. Eleven motivated to promote such

A UNIQUE EDGE FOR HOMEGROWN HEALTH FIRMS

Speed, innovation and technology boost local firms.

unique advantages to locally founded and run companies. 11th-largest veterinary pharmaceutical company in the world, number one in France in veterinary dermatology and number two in the French veterinary market overall, it was founded in 1968 by a local veterinarian

and maintains its corporate

headquarters in Carros, near

Pascal Boissy, the company's president, points out that though the French Riviera boasts no school of veterinary medicine, "Our research is donc in many countries, and telecommunications has improved so much that information can be shared easily.'

For him, the region's strong advantages include Nice Airport, the high-tech image fostered by Sophia Antipolis and the fact that the French Riviera is wellknown, so people want to port opportunities. come here — customers,

innovative products cered skin to laboratories.

Mr. De Wever emphasizes Airport (the skin must be shipped within 24-72 hours) and the international environment.

plastic, mostly for medical prompted him to found 3X risk of mad cow disease in Dozens of medical con- ment in the health-care sector Engineering. One of the lat-

T n the highly competitive A more recent invention is health-care industry, the a foam "sponge" that can be L Côte d'Azur offers used to hold fluids for medical or cosmetic purposes. It is both product and applie-Laboratoires Virbac is the ator, lightweight, accurately dosed and antiseptic.

Skilled workforce

The form of products is a focus for innovation at Bionatec, a company founded in 1994 to tap the growing market for plant-based health products, Its all-natural microgranules made from plant extracts won it first prize at the Dietexpo in Paris last au-

Dominique Coll, a pharmacist who is the ennipany's director, extols the advantages of the French Riviera, including the caliber of the workers, the geographical position and the attractive ambiance

She believes that the Côte d'Azur is an ideal location for small-to-medium-sized companies like Bionatec because the international environment opens the door to ex-

MXM is a 20-year-old lopartners, clients, employ- cal company that also looks to the export market for its sophisticated devices for the deaf, Paul Bart De Wever Jr, is the di- Martel, MXM's project director of business develop- rector, cites the airport and ment at Skinethie, a five- local commercial expertise year-old firm in Nice that cul- as significant factors in his tivates and sells bioengin- company's decision to develop and market a product that incorporates the latest in diboth the importance of Nice gital signal processing along with advanced electronics.

The technical and intellectual level of the local workforce was also a consider-Then he adds, "I wouldn't ation, he says. "The National have moved here if this were Institute for Intellectual enterprises, alliances with not the French Riviera. The Property [INPI] is located in atmosphere is international. Sophia, not far from our ofthe services and climate ex- fices, and shortens the time in Neijmann, who manages the growth because of the R&D ceptional, and it has always looking up patents in our

High-speed telecom netmervous, muscular, cardithe reputation of the area and
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the reputation of the area and
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product in France was \$10
president of 3X Engineering, small ones. France's largest
million in 1980, but soared to
grew up on the Côte d'Azur.

company in phytotherapy Ten years ago, he founded a (the use of plant remedies in France, and notes, "We are Still, France was number Monaco company that medicine) is Arkopharma, developing a universal data-seven in the world for med-makes technical pieces in founded in 1980 in Carros. When its customers ex-

> company in nearby Sophia resenting more than 80 percent of the French market.



"Biogranules" developed by local firm Bionatec.

A MAGNET FOR INNOVATIVE COMPANIES

An international reputation and state-of-the-art services draw corporations to the Côte d'Azur.

Nice students also scored best in the national test given These results are not accidental. Rather, they are the fruit of a concentrated effort by the school, led by Dean of Dr. Rampal is also spearneading the drive for a 5,000maceutical firms take the lead - almost never for a scientific reason." 30 perceot are foreign-owned.

Gaetano Zannini is the international Foreign firms go local professional groups and associations: doing business in France, Spain, Italy and the Mediterranean markets - including access to the ports of Marseilles direction of Jacques Le Guillerm. and Genoa; the port and outstanding airport in Nice; and an expanding uni-

versity. Zambon's facility in Sophia Antipolis is the company's worldwide center for its hospital home-care business; the French market in this sector is four times the size of Italy's. Dr. Zannini

"A lot of people, including Italians, believe that people here don't work you can have all the services a company needs right here and in more attractive group in the 1980s. surroundings than you find in Paris."

Michel Lazdunski, director of the Pharmacology, located in Sophia An- authorities.

oreign companies account for between 20 percent and 25 percent
to go to Paris. Only heads of groups
of the some 200 health-sciences
must go and only for administrative

"Sophia Antipolis's strength in multimedia and its high-tech image were of the some 200 health-sciences must go, and only for administrative important to us," says Mr. Mélières. enterprises on the Côte d'Azur. Phar- reasons. I go to Paris fairly often, but

at Sophia Antipolis in 1980. He cites as elsewhere in Europe; only 2 percent advantages the French Riviera's "clioriginate in the United States. One of Given Sophia Antipolis's mate of competence" and the oppor- the latter was Cordis, a U.S. company

terprise that has taken over the Cordis Monaco. operations.

"Our region offers a humanistic di- French companies mension that goes beyond health care," Companies relocating to the region may philosopbers,"

hard. That is not true. They work harder Elaiapharm, the local company that in to Director Frederik Brag. than people in Paris," he says. "Plus, 1997 took over a facility set up in Focus Imaging's first software 1997 took over a facility set up in Focus Imaging's first software Sophia Antipolis by Britain's Wellcome product, CardioMatch, helps cardiolo-

tions — the image of Sophia Antipolis perfect illustration of the convergence Institute of Molecular and Cellular internationally and the support of local of information technology and health

"The park has a great image internationally that helps us in our development of international markets. And the local authorities are valuable in enbusiness coordinator of the Italian Zam- Most foreign operations with facilities couraging the development of life scibon Biomedica, which set up a facility on the Côte d'Azur have headquarters ences. They listen and they help, es-

On the Côte d'Azur, both

small and large companies

Given Sophia Antipolis's reputation, it is not surprising that one-fourth of the tunity to interact with peers through producing "infusystems," external and health-care companies on the Côte professional groups and associations; implantable systems to administer d'Azur are based there, and they tend to an excellent geographical location for drugs locally into the vascular and be the youngest in the area. More than nervous systems. It opened offices in one-fifth are in Nice, and Carros-Le Sophia Antipolis in 1985 under the Broc, an industrial zone near Nice created around the same time as Sophia Today, Mr. Le Guillerm is the di- Antipolis, claims 14 percent. Another rector of Elekta-Implants, a local en- 17 percent are based in nearby

he says. "The beauty of the area and also come from elsewhere in France. contact with nature, but above all the Such is the case with Focus Imaging, a calls attention to what he labels the deep roots of our cultural past, reflect recent arrival originally from Grenoble. "myths" of working in the South of humanism and inspire great researchers. It settled in Sophia Antipolis because it to go beyond technique and become needed "an open and international environment and an advanced telecom-Patrick Mélières is the chairman of munications infrastructure," according

gists evaluate the results of EKGs more He ootes two other regional attrac- quickly and with fewer errors. It is a

FOR MORE INFORMATION OR ASSISTANCE

Côte d'Azur Développement **Economic Development Agency** 10, rue de la Préfecture B.P. 4147

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 CAD business and news: http://www.cad.fr/english/ news.html/

 Sophia Antipolis: http://www.saem-sophiaantipolis.fr/

University of Nice, Sophia Antipolis: http://

www.unice.fr

 European Society of Cardiology: http://www.esc.be National Center for Scientific Research: http://

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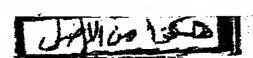












Record Profits Bring Little Cheer

U.S. Carmakers Scramble to Fight Fierce Competition From Asia

By Robyn Meredith
New York Times Service

DETROIT — The Big Three Ameran automakers might be expected to pop champagne. After all, the stock mar-tet has soared, the economic expansion continues, and interest rates have fallen to record lows, all of which would normally lure buyers to showrooms.

Instead, Detroit is acting almost as if a ecession had hit, hunkering down to save pennies wherever possible to cut costs sharply in the face of growing competition from Asia.

Ford Motor Co. has told Wall Street analysts that it cut \$3 hillion in costs last year and plans to trim an additional \$1 billion this year.

"This is the first time in the history of Ford that we've reduced our total cost of doing business from one year to the next," Alex Trotman, Ford's chairman, said last week. "It is pretty clear now that we will have a record year in terms of profits for 1997."

For the Big Three, cutting costs seems to be the only way to increase profits. The market for car and truck sales in the United States is not growing, and it might even shrink slightly this year. In addition, there has been no from to increase car and truck prices, in part because the strengthening dollar has allowed Asian antomakers to lower their prices, forcing the Big Three to follow suit.

John Devine, Ford's chief financial officer, said, "What is going on in Asia is putting enormous competitive and ricing pressures on us.

Relative prices of new cars and trucks

m the third quarter were the lowest in 17 years, according to Comerica Bank, which calculates how many weeks of work at an average wage it takes to huy

Toyota has been offering discounted leases as a way of reducing prices.

U.S. shoppers have forced the Big Three to follow suit, putting pressure on a new vehicle, although the competition is stronger on cars and minivans than on

the popular sport-utility vehicles.
We have deflation in the auto industry in spades," said Jack Kirnan, an auto analyst at Salomon Smith Barney.

General Motors Corp. said last week that it spent \$1 hillion more on rebates and other incentives in 1997 than it expected a year ago it would. Ford announced Friday that it would increase the rebates and discounted lease deals it was offering through April 2. Its cheapest car, the 1998 Ford Escort, now costs \$10,745 including the \$1,000 rebate.

That, however, is still well above the

discounted prices of some of its Asian competitors. Because of the strength of the dollar, automakers abroad can set low prices or introduce rebates without eating into their profits. Just last week, for example, Hyundai Motor Co. of South Korea increased its rebates - its cheapest car, the Accent coupe, can now be bought for \$8,534.

Because the Asian currency crisis has left sales so weak at home, Hyundai plans to increase its exports by 15 percent this year, with most of the shipments headed to the United States, the company said.

The largest Asian automakers, Toyota Motor Co. and Honda Motor Corp. of Japan, have used the weakness of the yen to hold down prices on their new models even while adding features to the vehicles. Though both companies tend to steer clear of cash rebates,

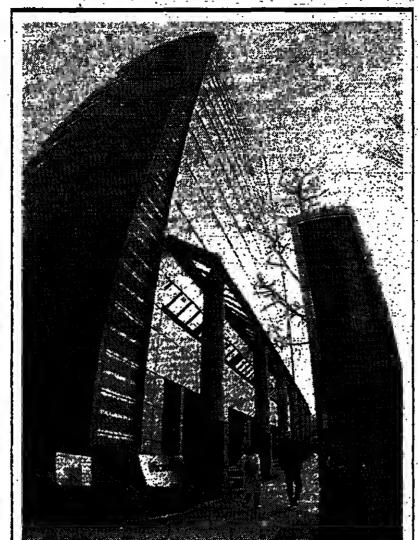
their profits. Because they are earning less on each car they sell but do not want to disappoint shareholders with weaker profits, the American companies are trying to make up the difference by

Chrysler Corp. has adopted a limited hiring freeze, adding only essential workers such as engineers. The company is concentrating on reducing its expenses in other ways, too. Chrysler cut \$1.2 billion in costs during the 1997 model year, and it plans to cut at least \$1.5 hillion in the current model year, which ends in September, said Thomas Stallkamp, the company's president.
"We're just about 50 percent of the way there," he said.

GM is expected to report fourth-quarter earnings of \$1.97 a share, up from 55 cents a share in the fourth quarter of 1996, according to a con-sensus of Wall Street analysts' estimates prepared by First Call.
John Smith, GM's chairman, said al-

though the fall in Asian currencies "puts competitive pressure" on the company, "all in all, it should be a good year."

Ford is expected to report fourthquarter profit of \$1.25 a share, up from 8 cents a share a year earlier. Profit at Chrysler, hurt in the fourth quarter by a slow introduction of its newest largesedan models, is expected to be the weakest of the lot, though still respectable. Analysis expect it to earn \$1.12 a share in the fourth quarter, down from



The Tokyo headquarters of Microsoft's Japanese unit, which is being investigated by Japan's Fair Trade Commission in an antitrust case similar to the company's court battle in the United States. Page 14

INTERNATIONAL MANAGER

China Says Crisis Poses 'Challenge'

Realizing Its Banks Are Vulnerable, Beijing Urges Avoiding Panic

By Seth Faison

SHANGHAI - Over the past few weeks. Chinese leaders have watched with alarm as the financial crisis engulfed their Asian neighbors one by one, knowing that China's own fragile bank-

knowing that China's own tragile banking system is deeply vulnerable as well.
After hiddling together in a series of
closed-door meetings, the country's senior economic leaders emerged Wednesday with a public stance on the issue: sober and alert.

China's economic czar, Deputy Prime Minister Zhu Rongji, appeared on state television as he addressed a gathering of the country's top bankers and urged them to try to avert the kind of panic that has sent currencies and stock markets tumbling elsewhere in the region.

"The currency devaluations in Southeast Asia pose a severe challenge, "said Mr. Zhu, who is widely expected to be named prime minister when China's lagislature means in March "Williams". legislature meets in March. "We must

meet this challenge."
Since China's own currency is not freely convertible and its stock markets are small, Beijing has been insulated from the kind of outflow of cash that has devastated Indonesia, Thailand and South Korea. Mr. Zhu pledged that China would not devalue its currency,

the yuan, soon. Yet China's banks, saddled with untold billions of dollars in bad dehts, are caught in the middle of a wrenching shift from a planned to a market-oriented economy. Should ordinary depositors lose confidence in China's state-run banks, which depend on the nation's 40 percent savings rate to stay alive, the financial system could quickly

be in jeopardy.

This year, China is trying to engineer a massive sell-off of its state-owned industry, and there is a desperate need for domestic and foreign investment, both of which appear to be receding.
Should a financial crisis spread to
China, tens of millions of urban workers
could be left unemployed.
In recent weeks, Mr. Zhu has quietly
ordered China's provinces to close
many local trust companies, small fi-

nance companies that among other things helped fund a real-estate boom that led to drastic overbuilding in many of China's coastal cities.

In Shanghai, Mayor Xu Kuangdi said Wednesday that leaders recognized the significant financial danger posed by a

growing real-estate hubble. The vacancy rate in office buildings in Shanghai is now nearing 40 percent, Mr. Xu said. Although he argued that bank exposure to bad real estate was limited, Mr. Xu said the Shanghai govemment had decided to halt all new land sales for now.

'We're not fortune-tellers," Mr. Xu said, trying to explain how the property glut occurred. "We didn't know such a serious Asian financial crisis was com-

N.

overall, Mr. Xu said, China will most feel the effects of the Asian financial crisis in terms of lower exports and foreign investment — the engines of China's economic growth in recent

years.
"What has happened in Southeast
Asia gives us a wake-np call," Mr. Xn
speaking at a news conference. "We must pay very close attention to our

Another danger facing China's economy is the effect of falling stock prices in Hong Kong. Many of China's bestrun companies were lining up to issue stock in the Hong Kong, Shanghai and Shenzhen markets in the coming year, and the recent collapse of enthusiasm in those markets means that most will be delayed. What effect that delay in money-raising will have on China's ef-fort to restructure its state-owned in-

See CHINA, Page 17

Tokyo to Alter Terms of an Old **Privatization**

TOKYO — The government floated plans Wednesday to change the financial terms of the decade-old privatization of Japan National Railways Corp. that are likely to have a chilling affect on future privatizations of state-owned companies and on foreign investment.

The cahinet is expected to approve legislation Friday that would shift more debt to the private companies that were formed when the government sold the national railway system in 1987.

The government wants to add 366 hillion yen (\$2.76 hillion) to the debt already parceled out to the seven private companies that emerged from the system, or two-fifths of the amount needed to close a pension-funding shortage.

For investors, the amount of the additional debt was virtually irrelevant. The companies can shoulder the debt. But analysts were shocked that terms of a deal hammered out long ago could change at the government's whim.

U.S. Scolds Japan Over Auto Market

As Trade Surplus Soars, Tokyo Faces 'Severe' Response Over Export Policy

TOKYO - Senator Carl Levin, Democrat of Michigan, said Wednesday that Japan had done little to open its markets to American car parts, and he warned that Tokyo would face a "severe" response if it tried to export its way out of its current slump.

At the same time, Japan reported that its current-account surplus surged 91.8 percent year-on-year in November as imports fell despite international calls on Tokyo to raise domestic demand.

The surplus totaled 1.282 trillion yen (\$9.7 hillion) in November, rising for the eighth straight month. Exports expanded 6.1 percent to 4.093 trillion yea, but imports shrank 5 percent to 2.845 trillion yen, the first year-on-year decline since July 1994, when imports edged down 0.8 percent.

in the surplus, forecasting a moderation the increase as government measures

to stimulate the economy kicked in. Such a transition would be welcome by Japan's international critics.

'If Japan tries to export its way out of its economic slowdown while keeping its market effectively closed, there will be a severe negative reaction in the U.S., Mr. Levin said during a press conference at the U.S. Embassy in Tokyo.

Mr. Levin, a member of the Senate Small Business Committee, said Japan faced possible sanctions under the U.S. "Super 301" trade provision if it failed

to open its auto-parts market. Further hacklash came from General Motors Corp. in Detroit. Harold Kutner, GM's vice president for worldwide purchasing, accused the Japanese govern-ment of "exporting its woes" — using the weak yen to increase exports rather than adopting structural reforms to raise • Finance Minister Hiroshi Mitsuzuka the purchasing power of Japan's con-blamed the sluggish economy for the rise sumers. The dollar has appreciated more than 15 percent against the yen in the past six months, lowering the cost

for Japanese automakers to deliver a vehicle to the United States by "multiple thousands of dollars" and giving them a major cost advantage over their

Detroit-based rivals, Mr. Kutner said. Mr. Levin called Japanese regulations, such as those that make it difficult for repair shops to stock foreign parts, "a brick wall" that inhibited competition and raised prices.

As a result, he said, "the Japanese

onsumer is being gouged."

Mr. Levin said parts made in Japan for Japanese vehicles cost as much as double the U.S. price for identical parts for the same vehicle. He said a spark plug that be had purchased in Japan for a 1991 Toyota Camry had cost 520 yen (\$3.92) company with the equivalent (\$3.92), compared with the equivalent of 259 yen for the same spark plug in the

"How can Japanese auto parts that have to be shipped to the U.S. cost less in the U.S. than in Japan?" he asked. (AP, AFP, Bloomherg)

Has TV Fumbled With Huge NFL Pact?

By Richard Sandomir and Stuart Elliott New York Times Service

NEW YORK — In a dramatic finale to the most expensive sports television negotiations ever, the ABC network remined rights to broadcast "Monday Night Football" for \$4.4 hillion over eight years and ESPN secured exclusive National Football League cahle rights by paying \$4.8 hillion for the entire Sunday night package. The agreements, which came one day

after the Fox network retained its National Football Conference rights and

The new contracts will bring windfalls to NFL franchises. Page 20.

CBS purchased American Conference games, hrought the league's fees over the next eight years to \$17.6 hillion, which would rise to \$18 billion with 3 percent escalator clauses in the last three sons. In four-year deals that concluded this season, the league received a total of \$4.38 billion.

Cross Rates

But Madison Avenue has a message for television networks that think they will recoup those payments hy sharply increasing advertising rates: Forget

Clearly, football is a marquee sales vehicle," said Steve Gruhbs, executive vice president for national broadcast at the American offices of BBDO Worldwide, a unit of Omnicom Group in New York. "But the networks can charge only what people are willing to pay. We know they'll have to push the envelope and raise rates, but just as they had a walkaway point in their negotiations with the NFL, we have our walkaway point where we say we can't afford to

spend that much money."

The financial commitments made Tuesday by ABC and ESPN, both subidiaries of Walt Disney Co., swept the NBC network from professional foothall after 33 seasons. They also ended the eight-year arrangement under which ESPN shared Sunday night games with

the TNT network. With a value of at least \$2.25 hillion a season, the NFL contract dwarfs the television deals of other pro sports. The

CURRENCY & INTEREST RATES

next highest, for the National Baskethall Association, is worth \$660 million a

season for four years. Mr. Grubbs's counterpart at another New York agency, Ogilvy & Mather Worldwide, echoed his assessment.

'Football is a terrific franchise for the networks that carry it," said Peter Chrisanthopoulos, president for broadcast and programming/USA at Ogilvy, part of WPP Group. "And it's also a valuable property for advertisers because it reaches upscale men in large

"But this is still a supply-and-de-mand marketplace, and if someone crosses the line in terms of value vis-avis alternative programming, then less money will go in that direction."

Disney is gambling that owning all the Sunday night and Monday night games will make it an even more potent viewing and advertising force than ever. ESPN's \$600 million-a-year cable

deal is the most expensive of all the packages, exceeding the \$550 million a year to be paid by ABC and Fox and

See FOOTBALL, Page 14

'Father of Red Chips' **Could Rebound Soon**

Francis Leung holding back tears as Peregrine's fall was explained.

By Biddy Chan and Alec D.B. McCabe

ONG KONG - It wasn't like Francis Leung when be choked back tears as his partner, Philip Tose, told how Peregrine Investments Holdings

Ltd. had collapsed.

More than anyone else, Mr. Leung,
43, had helped build the Hong Kong investment bank into the No. I underwriter of Asian stocks. And he did it hy being hrave enough to go where others would not: China.

Tears aside, Mr. Leung might be the first to rise again after the failure of one of Asia's largest investment banks outside Japan. He turned Peregrine into the investment bank for China a powerful franchise here in China's newest city. Now, there is talk that he and his team may be hired by former rivals or strike out on their own.

Mr. Leung, a Hong Kong native, watched the decade-old firm collapse because of bad bets made by its bond department. The end came after its bets on regional currencies, particularly the Indonesian rupiah, went badly wrong. Many inside Peregrine said that one of Hong Kong's best equity and corporate-finance teams had been sunk by the firm's bond traders. That team - and Mr. Leung - are still valuable.

Mr. Leung first entered the China market in 1991 by helping CITIC Pacific Ltd., which is controlled by China's largest overseas investment company, find its way onto Hong Kong's stock exchange.

At that time, China was almost untouchable for global investment banks such as Goldman, Sachs & Co. or Merrill Lynch & Co. Many bankers and investors were reluctant to do business with China after the violent crackdown in 1989 on the democracy movement in Beijing.

But China and its companies needed money, and Mr. Leung saw opportunity.
CTTIC Pacific became the first "red

chip," or mainland-backed investment company, to be listed on the Hong Kong exchange. Shares of Chinese state-nun companies themselves, known as "H shares," started trading on the Hong Kong exchange in 1993.

"I want to do something for China," Mr. Leung said at a news conference this week. "I hope that redchip and H-share companies can continue to raise funds in the market." In the early 1990s, Peregrine es-

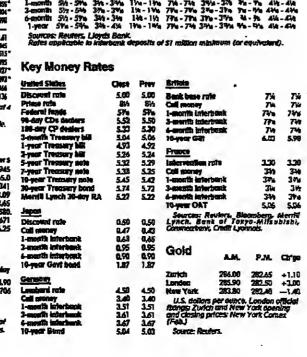
tablished itself as the No. 1 underwriter for Chinese or China-backed companies, acting as lead manager on share sales by companies such as Shanghai Industrial Holdings Ltd. and Beijing Enterprises Holdings

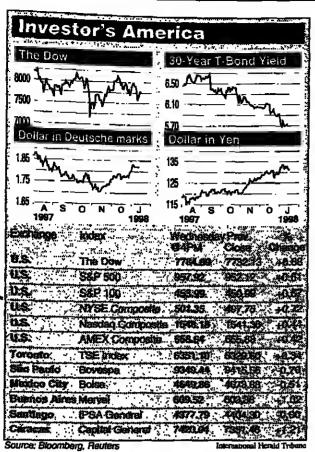
Mr. Leung said he had the largest equity and capital-markets team for Hong Kong, Taiwan and China, with more than 30 employees. In Hong Kong, he is known as "the father of

Former colleagues describe Mr. Leung as the person who set Peregrine above the Wall Street crowd when it came to bringing Chinese

See LEUNG, Page 17

Other Dollar Values Per 8 8.167 1.725 7.551 42.27 3.54 186.65 5.98 3.7505 1.7320 **Forward Rates** 1.6245 1.4279 1.6214 1.6220 1.4268 1.8184 1.6367 1.4289 1.8241 130.01 1.4903 129.49 1.4758 128.90 1,4706





Very briefly:

- A New York stockbroker accused of orchestrating a widespread scheme to manipulate Systems of Excellence Inc. stock, Sheldon Kraft, pleaded guilty to accepting \$1.4 million in bribes and agreed to pay \$1.1 million in restitution.
- United Space Alliance, the Boeing Co. and Lockheed Martin Corp. joint venture that is prime contractor for the U.S. space shuttle program, is considering cutting 730 jobs, or 8 percent of its work force, because of a reduction in scheduled shottle flights this year.
- B.F. Goodrich Co. is buying Freedom Chemical Co. for about \$375 million as it continues to expand its specialtychemicals business.
- Allianz AG will buy as much as 35 percent of Life USA Holding Inc. for an estimated \$171 million. The seller of insurance will continue to market coverage by the German
- Starwood Hotels & Resorts Trust is buying four former Ritz-Carlton luxury hotels for \$334 million in cash and

L.A. Gear Files for Bankruptcy

SANTA MONICA, California — L.A. Gear Inc., a sportinggoods company, said Wednesday that it had filed for bankruptcy protection, after reporting a string of losses in the last two years amid a decline in demand for its athletic shoes. L.A. Gear, which was delisted from the New York Stock

Exchange in December because of a failure to meet listing requirements, said Tuesday that it had reached an agreement with an unofficial committee of its bondholders on a restructuring of the company's debt and equity interests. L.A. Gear said it may file a reorganization plan next week.

During the reorganization, the company, which also markets casual clothes and accessories, said it would continue to operate through its subsidiaries.

Microsoft Gets a One-Two Punch

Japan Investigates Unit on Charges Similar to U.S. Case

watchdog said Wednesday that it computer makers.
had opened an investigation into "Our investigation would cover for suspected infringement of antitrost laws.

The move came as the U.S. software giant is in a battle with antitrust authorities at home over the sales of its Internet Explorer said Tuesday that the government browser software.

Department official seeking closer cooperation in antitrust areas.

Fair Trade Commission, Jotaro tion. Yabe, said the Japanese agency was investigating the Microsoft that Microsoft breached its 1995 unit to see if it had restricted the settlement of antitrust charges by

TOKYO - Japan's antitrust software by Japanese personal

Microsoft Corp.'s unit in Tokyo points similar to those raised re- systems garding Microsoft's business pracother issues specific to Japan," the regulator said. A source close to the agency

The development also followed suspected Microsoft might have effectively tried to restrict the sale the visit to Tokyo by a top Justice of software that competes with epartment official seeking closer such Microsoft products as Intertoperation in antitrust areas.

The secretary-general of the secretary-general of the sheet and the Word text applica-

U.S. regulators have alleged

use of competitors' application making its Internet Explorer browser a component of Windows 95, which dominates the market for personal computer operating

Makoto Naruke, president of tices in the United States, as well as other issues specific to Japan. "the Wednesday that the unit had not done anything illegal.
In a U.S. District Court in Wash-

ington on Wednesday, Judge Thomas Penfield Jackson ques-tioned David Cole, the Microsoft vice president who oversaw the development of Internet Explorer. about when a rival internet browser can be installed into the company's widely used Windows 95 computer operating system and

Democratic Party said new stimu-

lative measures may also be decided

council members suggested German rates were not headed higher. Hans-

Juergen Krupp said the economy was

growing too slowly to fuel inflation, and Olaf Sievert suggested he did not see any need for higher rates.

The dollar also was bolstered

if the economy remains weak. The dollar was supported against the mark after two Bundesbank

how well it would work. (Reuters, Bloomberg)

Rally by Bank Shares Offsets Intel's Warning

NEW YORK - Stocks rose Wednesday as a rally in bank shares offset a slide in semiconductor issues after Intel warned that sales in the first quarter would be little changed from fourth-quarter levels.

The gloomy forecast from one of the biggest U.S. companies heightened concern that the stock market will have a difficult time advancing until investors get a better understanding of the magnitude

of Asia's economic problems.

"Everybody hopes that the end is in sight for Asia, but from all 1 have read, the problems aren't over." said James Grefenstette, a money manager at Federated Investors. "As long as this uncertainty lingers, it's too risky to own the sexy, high-risk names."
The Dow Jones industrial average

closed 52.56 points higher at 7,784.69, while the Standard & Poor's 500 index gained 5.80 to 957.92. Advancing issues out-numbered declining ones by a 9-to-5 ratio on the New York Stock Exchange. But the technology-heavy Nasdaq composite index was held to a more modest 6.53-point advance, to 1.548.16, because of losses for

Intel and Microsoft. Intel closed down 1 7/16 at 751/2 a day after reporting a 9 percent drop in fourth-quarter profit and saying its gross margin - the percentage of sales left after product costs are subtracted - was expected to fall "a few points" from the fourth quarter's 59 percent.

"Intel is a tremendous bellwether in this market, and it's just the psychological effect of these guys not saying the right things," said Charles Payne at Wall Street Strategies.

Microsoft fell 1 to 1311/4 on con-

cerns about the company's antitrust problems with U.S. and Japanese officials.

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But bank stocks gained amid baliefs that a recent slide in prices had been overdone and that mergers and acquisitions would be in store for regional banks as they sought for ways to increase profits.

CitFed Bancorp closed up 11 kp 49% after Fifth Third Bancorp agreed to buy the bank for about \$688 million in stock. Fifth Thut fell 41/2 to 76.

"The consolidation theme re-mains strong, plus the companies

U.S. STOCKS

are poised to report very good earnings," said Thomas Keresey, chairman of Palm Beach Investment Ad-

Among other rising bank stocks were Banc One, which added & D 52%, Citicorp, which rose 5 to 119, and Wells Fargo, which rose 2% to

Low interest rates also are keeping the stock market supported. The price of the benchmark 30-year Treasury bond finished steady at 105 16/32, leaving the yield at 5.74

percent, near its record low. U.S. bonds have drawn investors seeking a haven from the Asian turmoil. Some analysts say American ican stocks also will draw safe. haven buyin

"A lot of the money that came out of the foreign markets, particularly Asia, is going to come over here," said Don Fredell at American ican Express Financial Advisors.
But that demand has not reache

some sectors Advanced Micro Devices fell 24 to 1812 on concern that the company will not be able to produce enough of its K6 microprocessors to com petc with Intel.

Splash Technology Holdings fell 105/16 to 137/16 after the maker of equipment used in color printers said revenue growth would slow.

Eastman Kodak, the worst per-former in the Dow last year, fell 197 16 to 59% on expectations for the company to report a drop in fourth quarter earnings Thursday because of slumping film prices, lower sales and mounting losses from digital imaging. In addition, an analyst at Pruden

tial Securities said Kodak lost more of its share of the U.S. photo film

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Yen Manages to Gain on the Dollar

NEW YORK - The dollar was slightly lower against the yen Wednesday as fear that more Asian companies may go bankrupt was off-

The dollar gained against the at 130.985 yen, down from 131.630 Deutsche mark on expectations German interest rates may not rise, and it rose against other European currencies as well. The yen gave up early gains on

speculation that even as Asian countries work to repair their economies, more companies and financial in-stitutions are likely to suffer.

Continued from Page 13

By agreeing to pay such a high

figure for 18 regular-seasoo games

and four pre-season games, ESPN is

paying 135 percent more each year

than what it and TNT had been

\$500 million to be paid by CBS.

Associates. "Yes, there are bail-outs, but companies are going to go a senior official of the ruling Liberal outs, but companies are going to go under, banks will have to close. Nobody knows yet what the impact set by optimism that Japan may take fresh steps to revive its economy.

of Asia is going to be.**

In 4 P.M. trading, the dollar was

FOREIGN EXCHANGE

yen Tuesday. It was also at 1.8225 DM, up from 1.8195 DM, at 6.1025 French francs, up from 6.0935 francs, and at 1.4830 Swiss francs, np from 1.4783 francs. The pound fell to \$1.6295 from \$1.6337.

those programming dollars for more

cies that buy an estimated \$1.2 bil-

"It would be pouring gasoline oo the networks' desires," said Ron

There is no benefit for ad agen-

efficient use."

against the mark by signs that Asia's "There's still going to be demand for the dollar," said Mary Ann Bar
fell to \$1.6295 from \$1.6337.

The yen was supported by Prime Minister Ryutaro Hashimoto's sug
Germany is.

FOOTBALL: Huge NFL Contracts May Throw Television Networks for a Loss "We weren't prepared to change owned by WPP. "And I doo't want men," he added. "There's really no

our economic model for TNT or our affiliates," said a statement from Turner Sports. "We'll redirect far from shy about raising ad rates - even if, as in prime time, ratings are generally continuing to decline agencies want to make sure their positions are staked out.

paying for the past four years. In their shared arrangement, TNT carried games in the first half of the season, ESPN in the second half.

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That is particularly true pecuation of the past four years are going to pay more, "said William Gloede, higher prices." It would be pouring gasoline on the past four years. In their shared arrangement, TNT carried games in the first half of the second half.

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other place to go if you want that Mr. Fredrick, for one, is sanguine,

saying he believes the networks would not increase prices too much or too quickly because there are other ways they can try to com-pensate for the additional cost of the

"Look at CBS and U.S. Open tennis." Mr. Fredrick said. "Rights fees have escalated dramatically and request that it raise its payments the networks' desires," said Ron "even if it's not immediately in the first years" of the new agreements. The NFL is without question the ESPN to take over Sunday night.

The Would be pointing gasonic to the networks' desires, said Ron "even if it's not immediately in the first years" of the new agreements. and hours of programming before ting prices to compete with its Japanillion. That opeoed the door for national broadcast group at J. Walter "The NFL is without question the sells commercial time."

The NFL is without question the sells commercial time."

(Bloomberg, Recuers)

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EUROPE

Frustrated Deutsche Bank Ponders a Global Makeover

By John Schmid International Herald Tribune

foreign rivals are stealing a growing share of the investment-banking business on its home turf in Gererations to defend its main market.

Under the plans, which require panding teams of high-paid invest-ment bankers abroad with its traditional commercial banking Rolf Brener, the bank's chairman, in operations at bome.

The bank aims to exploit its longstanding relationships with German companies and government authorities to dram up lucrative merger, acquisition, privatization and under-writing deals.

Industry analysts see the bank's restructuring as a response to the dizzying wave of global mergers among financial houses, which have created a new class of financial ti-tans on Wall Street and next door in Switzerland. Amid the mergers, Wall Street players have piled into Germany, currently a hotbed of corporate restructurings that creates fertile ground for financial advisers.

Analysts have begun to ask how much longer Germany's three biggest banks — Deutsche Bank, Dresdner Bank AG and Commerzbank AG, all based in this city

ment rate in Britain fell to 5 per-

cent in December, a 171/2-year low,

WORLD STOCK MARKETS

Prices in local currencies.

of 650,000 - can remain unaffected by the takeover frenzy.

Insiders at Deutsche Bank said FRANKFURT - Conceding that the pending merger of two Swiss powerhouses, Union Bank of Switzerland and Swiss Bank Corp., Wednesday it was considering a radical reorganization of its global operations to defend its main many petitor, no doubt about it." The UBS-SBC combination, when completed, will displace Demands would forge a "formidable com-

as Europe's largest bank and have abundant firepower to compete for board approval, Europe's biggest the deals that Deutsche Bank needs bank would integrate its rapidly exto break into the ranks of the world's top five investment banks. We are talking to no one," said

a denial that Deutsche Bank was considering an immediate merger.

Speaking at the opening of the bank's Frankfurt trading facilities, he denied that the bank was in talks with the French insurance concern AXA SA, with Credit Suisse or with J.P. Morgan & Co. of the United States — all named recently as po-tential partners for the German gi-ant. He also denied any interest in Commerzbank, which is often seen as the most vulnerable takeover candidate in Frankfurt. The success of U.S. banks in

Europe underlines how difficult it has been for Europe's leading banks to break into the high-margin business of global investment finance.



Rolf Breuer, chairman of Deutsche Bank, in the bank's newly opened trading room Wednesday.

France to position the bank as a leading pan-European financial house after the planned 1999 introduction of a common European currency.

The pressure to act is mounting at Asked if rivals are making inroads in the German market, Mr. Breuer responded: "Yes, that is the case."

Mr. Breuer on Wednesday releagues of investment banking,

goals have cluded it, analysts said. divisions together, Mr. Breuer hopes name of the bank's Deutsche Morto impose a culture, he said. But analysts say that after the reorganunit, integrating the new unit into the

WOLFSBURG, Germany — Volkswagen AG wants to buy

Bentley luxury-car brand from

Vickers PLC, the weekly German

magazine Wirtschaftswoche will re-

wagen, Ferdinand Piech, said in an

VW was interested in buying Bent-

ley and leaving the Rolls-Royce

VW to Seek Bentley Brand

From Vickers, Report Says

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peated his interest in an acquisition in Deutsche Bank has indicated that its nificantly higher salaries. Mr. Breuer also said the name Morgan By pulling the bank's old and new Grenfell could fall away from the ization, traditional bankers might re- rest of the bank. In addition, he said seot channeling business to their the bank was looking at merging its flasby new investment-banking col- retail mutual-fund arm with its inleagues in London, who have sig- stitutional asset-management unit.

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Investor's Europe

London

Frankfurt

Very briefly:

 SAP AG, the German software group, will expand its work force by 5,000, or nearly 40 percent, this year in anticipation of continued growth. SAP said it expected demand to continue as a result of the Internet, the change to a single European currency and new versions of its business software targeted at specific industries.

 LucasVarity PLC signed a £2 billion (\$3.27 billion) agreement with Rolls-Royce PLC to supply electronic controls, fuel meters and other parts for Rolls engines used on large Boeing and Airbus aircrati.

 Daewoo Electronics Co., South Korea's third-largest consumer-electronics maker, froze \$167 million of investments in France because of the financial crisis in Asia and France's plans to cut the workweek.

· Coface, the French expon credit insurer, said a South Korean high-speed train project "will happen, but at a slower pace because the Koreans want to space out payments," the newspaper Les Echos reported.

• The World Bank will hold a ceremony in Paris next week launching a \$100 million investment fund for the Palestinian autonomous territories. The fund will aim to promote private investment in the West Bank and Gaza.

· Hoechst Marion Roussel, the drugs unit of Hoechst AG. may cut more than one-third of its research and development staff in Germany as part of a plan to save 460 million Deutsche marks (\$252.8 million).

Societe Bic SA, a French maker of pens, lighters, razurs and office supplies, said fourth-quarter sales rose 24 percent from a year earlier, to 1.82 billion French frames (\$298.7 million). aided by the strength of the dollar.

· Hansapank and Holupank, two leading Estonian banks, plan to merge to create the largest bank in the Baltic states. Rio Tinto PLC will seek shareholder approval for a plan to buy back as much as 10 percept of its stock. Blownberg, Remers

Everywhere

U.K. Jobless Rate Drops to 5% ing salaries higher because wage LONDON - The unemploy-Britain's employment minister,

according to figures released Wednesday, increasing the chance Wednesday, increasing the chance must not get out of control," Mr. that the Bank of England will raise Smith said. interest rates as soon as February. The Bank of England, mean-The December unemployment while, in the minntes from its December policy-making meeting rate is down from 5.1 percent in November and is the lowest since that were released Wednesday,

July 1980, the Office for National warned that it might have to in-Statistics said. The data also crease rates. showed that average earnings rose The central bank, which has 4.75 percent in November from raised the base rate five times since November 1996. May, to 7.25 percent, said if there "These reports confirm our was no "clear evidence" of a slowworst fears about wage pres-sures," said Brian Hilliard, chief down in the economy, "policy might need to be tightened again economist for fixed income at So- quite soon." The bank's policy-

ciete Generale Strauss Turnbull. makers next meet Feb. 4 and 5. "A rate increase in the first quarter. Accelerating inflation is push-

negotiations are based on an an-Andrew Smith, also raised an nual comparison of inflation rates. alarm about rising wages. "In The retail price index rose an an-competitive world markets, costs and 3.6 percent in December nual 3.6 percent in December 1997, compared with a 2.5 percent increase a year earlier.

The labor report showed that earnings in the services industry grew 4.75 percent year-on-year in November. In production, they rose an annual 4.50 percent and in manufacturing, 4.75 percent.

At the same time, unemployment in December dropped by 28,700, more than the 20,000 expected and the 22d consecutive monthly decline in the number of jobless. The number of people unemployed and claiming benefits fell to 1,439,000.

pholz, declined to comment on the Volkswagen, best known for its (AFP, Bloomberg) cars, wants to upgrade its image and Passat models. compete with its main German rival.

by introducing subcompact and city Rolls-Royce Motor Cars Ltd,'s cars. BMW, which is considered the

make inroads on VW's market share

company most likely to acquire Rolls and is developing motors for a new generation of Rolls-Royce and The chief executive of Volks-Bentley cars, also declined to comment on the report. The automaker interview with the magazine that has threatened to stop delivering motors to Rolls-Royce if a rival carmaker bnys the company, Separately, VW said it would in-

brand to Bayerische Motoren Werke AG. A VW spokesman, Kurt Ripvest 376 million Deutsche marks (\$206.6 million) this year and a total of I billion DM by the end of next year in its Salzgitter motor factory, modestly priced Golf and Beetle which makes motors for its Golf and

(Bloomberg, Reuters)

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Singapore To Get New Chip Plant

Lucent to Team Up With Local Company In \$1 Billion Project

SINGAPORE — The microelectronics division of Lucent Technologies Inc. and Chartered Semiconductor Manufacturing Ltd. of Singapore said Wednesday they would team up to build a \$1 billion semiconductor wafer plant to make components for computing and communications equipment.

The companies predicted that their chip businesses would grow in 1998 despite the financial crisis in

"Our anticipation for 1998 is we will probably see about the same growth rate as 1997," John Dickson, president of Lucent's Microelectronics Group, said. He added that the chip industry grew about 7 percent last year. 'Clearly there is a current setback in Asia. Our view of that is it's a temporary phenomenon."

Lucent's worldwide revenue reached \$26.36 billion in the year that ended Sept. 30, up from \$23.29 billion the previous year, and Mr. Dickson said the Asia-Pacific region had contributed about a third of sales and had grown more quickly than the company overall.

. The two companies' plant would be the 10th such facility in Singapore. It is projected to employ about 800 people in the next two years. The plant, in Singapore's northern Woodlands suburb, is expected to produce 26,000 wafers a month.

The cost of wafer-fabrication plants is rising so rapidly that "even the major semiconductor companies need to partner with someone else,"
Mr. Dickson said. "It's the only way
for companies to move forward."

The Singapore semiconductor region. Lucent will own 51 percent of the joint-venture company, and Chartered, which is part of the government-owned Singapore Technologies group, will hold the rest.

Wafers from the plant will be used by Lucent's global customers in products such as computing equipment, cellular phones and other electronic devices. Chartered also is to use its portion of output to supply customers around the world.

Lucent's focus on chips for com-

ing 1997, Tan Bock Seng, its chief foreign-policy priority for the U.S."

executive, said. He said both rev
Bangkok has come to regard the executive, said. He said both revenue and profit in 1997 were down

Bangkok has come to regard the dollar slipping Wednesday to 53.65 to baht from 56.10 baht Tuesday. from 1996.

hopeful it could be better than 1996's performance as well.

Mr. Tan declined to disclose Chartered's revenue and profit fig-(Bloomberg, Reuters)

Q&A / Jeffrey Sachs

IMF Prescribes 'Wrong Medicine'

financial crisis. In Singapore on
Wednesday, Jeffrey Sachs, director
of the Harvard Institute for International Development, discussed

Appendix Ap Herald Tribune

forms packages that the IMF has put together for Thailand, Indonesia and South Korea since August?

Overcoming the crisis.

Q: How are banking affecting output?

A: I am not opposing the IMF as an institution per se. Nor am I opposing international assistance. But what we have seen is the IMF

prescribing the wrong medicine.

The crisis in Asia began with a sudden and unanticipated panic withdrawal of funds from the region by international creditors and investors, starting in early July. With-in two months, that had jeopardized

the entire banking system of Asia.
The IMF made extremely grave mistakes in its early actions in Asia that inflamed the situation. When they came in, they closed down significant numbers of banks in each of the countries they were supposed to assist. The result has been a sharp banking crisis which is now leading to a downward spiral of economic production.

In Thailand, industrial production is down 8 percent from a year result is a ferocious decline of liv- and virtually every other observer it must be addressed as such.

tional Monetary Fund are in Asia tries where internal demand has in unemployment and social pain. this week to try to strengthen IMF collapsed that exports are failing to programs to help end the region's respond the way that one would

national Development, discussed the programs with Michael are gravely worsening the situation Richardson of the International in Asia. They are unnecessarily deepening the economic contrac-Q: Why are you critical of the multibillion-dollar loans-for-re-mendously raising the costs of

> Q: How are banking problems A: Banks are no longer fulfilling the basic functions of providing working capital to industry, and we are seeing bizaire and dangerous ontcomes. There are enterprises that would be highly profitable but can't even open a letter of credit to

> get their exports moving. In Indonesia, the shoe manufacturers, for example, have con-firmed orders of around \$1 billion for the next six months. Yet they have been unable to open a letter of credit because, since the end of December with the collapse of the Indonesian banking system and the downgrades by the credit rating agencies, the letters of credit of Indonesian banks have not been honored internationally.

So you have highly profitable export potential at these exchange rates that is not being fulfilled. The

Senior officials of the Interno- earlier. We are also seeing in coun- ing standards and a ferocious jump Q: Indonesia had more than 240 banks, so many it was impossible to regulate them properly. If the IMF did not reduce the number -16 were closed --- how else was the

financial system to be cleaned up? A: Of course the number of banks needed to be reduced. Some needed more capital, and some needed to be merged. But a banking sector restructuring should be done carefully. To come into a country and within three or four days order a significant number of banks to close without proper preparation, without looking at the alternaoves of recapitalization, merger, conservatorship, receivership or other strategies, is a serious mistake.

In the case of Indonesia, there were no clear standards about what this meant for remaining banks or the safety of deposits. This led to

Q: How much of the financial crisis was caused by the failures of Asian governments and systems? A: I think it is a huge mistake 10 try to find the great cause of all of this in the failures of Asia, rather

than in a largely unpredicted and unnecessary market panic. Asia had problems. But it also had great strengths which led foreign banks and investors to put increasingly large amounts of money into the region. These were

the same strengths that led the IMF



Jeffrey Sachs: Banks squeezed.

to project continued high growth raies in these countries.

The way it is being interpreted right now is that you have evil governments with weak wills that are so corrupted that you need the full force of the world to come down on them to do the right thing. The right thing is defined as what is called for in secret agreements made by the IMF. The only lest is whether there is full compliance with the IMF's

conditions for extending loans. But the situation is more complex and serious than this. There was a dramatic reversal of market expectations, a ferocious capital outflow and a market panic that expanded into the domestic banking sectors all out of proportion to the weak-nesses of these economies.

I reject the analysis that this is all the fault of Asia. We are living in a financial hurricane right now, and

Tokyo Nikkei 225 leedv 15133 1750 13030 -1.000 1500 **99**7 11000 — --14300 1997 1998 Wednesday Prev. Close Close Exchange Change 9,226,55 8,720,00 +5.81 Hong Kong Hang Seng 1,243.27 1,156 52 +7.50 Singapore Straits Times 2,605.30 2,565.30 +1.56 Sydney 15,121.98 14,755.94 +2.48 Tokyo 503 89 Kuala Lumpur Composite Bangkok 367.69 348.96 453.74 475.13 Composite Index 7.513.24 Stock Market Index 7,798,25 aipei 1,686,22 1,590,99 Manita 403.98 382.14 Composite Index Jakarta NZSE-40 2,238.40 2,214.52 Sensitive Index 3,400.79 3.431 72 -0.90

Very briefly:

 Exxon Corp. plans to invest \$400 nullion in a petro chemical plant at its Sriracha oil refinery in castern Thailand. The company said the plant, to be completed in 1909, would produce paraxylene, a petrochemical raw material used to make polyester film, packaging resin and fabric.

 Dai-Ichi Kangyo Bank Ltd.'s former vice president, lehiro Fujita, pleaded innocent to charges of conspiracy involving loans to a corporate racketeer.

 Japan and China will hold their annual economic meeting in Tokyo on Monday to discuss their economic outlooks and the Asian financial crisis, Japan's Economic Planning Agency said. China is expected to announce soon the award of the first license to a British insurance company to conduct business in China, Britain's trade and industry minister, Margaret Beck en, said, Six British insurers are vying for the license, and Britain has endorsed the bid of Royal & Sun Alliance PLC. Great Eagle Holdings Ltd., a Hong Kong real-estate company, said not profit rose 13 percent, to 1.19 billion Hong Kong dollars (\$153.6 million), in the year ended in September.

• LG Chemical Ltd. of South Korea entered into a \$30 million joint venture with Shipley Co. of the United States to produce specialty chemicals used in semiconductor produc-

CHINA: Economic 'Challenge'

Stocks and currencies across Asia rallied amid growing optimism that the region's financial crisis was easdustries will only become ing, Bloomberg News reported from clear in the coming months.

Hong Kong. Indonesia led the rally, with its benchmark index rising 5.72 percent as the dollar slipped to 7,250 Indonesian rupiah from 8,450 rupiah Tuesday.

and the head of the Hong Kong

The main stock indexes also rose 5.81 percent in Hong Kong, 7.50 percent in Singapore, 6.51 percent in Malaysia, 2.48 percent in Japan "Asia's problems seem to be di-minishing," said Pelham Smithers, after tax. But falling profits

Michel Camdessus, managing di-rector of the IMF, called for a "dra-matic acceleration" of economic re-

forms in Indonesia. Mr. Camdessus is to meet with \$1.39 billion in 1996. President Suharto on Thursday, when new agreements are to be signed as part of a \$40 billion fi- healthy forecast of 8 percent

Continued from Page 13 Zhu said. China has 85 per-

This week, several of ported falling earnings. Ined Wednesday that its profit in 1997 fell to \$360 million in 1997 from roughly \$700 million in 1996.

Characteristically, a strategist at ING Baring Securities represent, at least in part, an (Japan) in Tokyo. effort to grapple with the had linvestors' confidence grew after debts owed by failing stateeffort to grapple with the had

owned industry.

Bank of China also reported a weak profit, falling to the United States. The Nihon \$722 million in 1997 from Keizai Shimbun reported that

As for China's overall

cent of its foreign debt in medium- and long-term loans.

"China is poliocally stable," he said. "With its China's national banks re- strong currency, ever-improving investment environment dustrial & Commercial Bank and lower import duties, China of China, for example, report- will become a center for overseas investment in Asia.

Isuzu Denies Plans For Venture With GM

TOKYO - Isuzu Motors with its Asian neighbors, Mr. as yet." a spokesman said.

Summers Rejects Talk U.S. Is Unmoved by Crisis mination and skill necessary to carry out their declared policy," he said after meetings with Hong Kong's

BANGKOK - Lawrence Summers, the deputy U.S. Treasury sec-retary, rejected claims Wednesday that the United States was indifferent to Asia's financial crisis, sayplant will be the first for Lucent in the ing Washington had a major stake in the region and would ensure adequate financial support.

During a stop here on his tour of

the region, Mr. Summers praised Thailand's progress in carrying ont economic reforms demanded by the International Monetary Fund but stopped short of offering to add to the \$17.2 billion IMF rescue pack-'For trade reasons, for reasons of

financial stability and for reasons of national security, the U.S. has a very munications products saved it from large stake in Asia's prosperity and the past year's falling prices and sup-stability," he said after meeting with the past year's falling prices and supply problems in the memory and storage chip areas, Mr. Dickson said.

Conomic team and Foreign Minister

Conomic t perk up this year after a disappoint- no question that this is a critical amid foreign-led buying. The

as too small, given the spread of "But from the fourth quarter, Asia's economic catastrophe since things had started to turn for the then, and some of its terms as too better." Mr. Tan said. "In 1998, we stringent. But Mr. Summers stressed expect everything to be significantly that the international lending orga- Tarrin whe better than 1997." He added he was nization should play the lead role in next week. battling the economic crisis sweeping Asia.

We are determined to work with the IMF to ensure adequately financed support" to stabilize the Thai



Mr. Summers, with Mr. Tarrin, restating U.S. support Wednesday.

economy, he said. Bangkok's stock Tarrin's trip. For his part, Mr. Tarrin battered baht also took heart, with the

Mr. Summers emphasized that Washington was not unaware of the that we believe will achieve the resgravity of Thailand's problems and toration of m would be discussing them with Mr. Tarrin said. Tarrin when he visited Washington

"The U.S. will remain active in encouraging Thailand's reform efforts under the IMF program," he U.S. dollar. said, adding that Washington was "very much looking forward" to Mr. demonstrated the capability, deter-

But be plays down that sort News reported from Tokyo.

to solve our economic crisis." He stressed that Thailand had stuck scrupulously to the conditions

of its IMF package. 'That is the only course of action toration of market confidence." Mr.

During a stop later Wednesday in Hong Kong, Mr. Summers said that the Chinese territory had the ability to defend its currency's peg to the

'Hong Kong authorities have nancial bailout being arranged by growth in 1998. In contrast

Reuters

Ltd. on Wednesday denied a newspaper report that it had a plan with General Motors Corp. to form a joint venture to produce diesel engines in Isuzu had agreed with GM to As for China's overall set up the venture, which economy, Mr. Zhn made a would produce direct-injection diesel engines at a GM plant. "We have no such plans

LEUNG: Peregrine's 'Father of Red Chips' Could Soon Rise Again

Continued from Page 13

companies to the stock market. He is held in high respect by Chinese companies, they say, because he has a repu-tation of being direct and hon-est. When those companies demanded a higher price for their stock than Mr. Leung thought was realistic, he was quick to set them straight.

"It isn't easy to find someone like him in the in-dustry," said Zhou Fumin, Shanghai Industrial's managing director. "Whenever I have a question, I will look for his advice.

Mr. Leung's part of the husiness has been one of the most profitable of the group. On Wednesday, as Pereg-rine dismissed all but about 100 of its 700 staff in Hong Kong, employees said there was concern that Mr. Leung and his entire China team might be hired by a rival bank, leaving Peregrine with little to sell. A Hong Kong newspaper reported this week that China Everbright Group was

among the possible buyers. Mr. Leung landed his first job at Wardley Finance in Hong Kong in 1980, after receiving a master's degree in business administration from Toronto University.

Next he moved to Citibank. which owned the Vickers stock brokerage. It was at Vickers that Mr. Leung developed a relationship with the British-born Mr. Tose. They founded Peregrine in 1988. Mr. Leung was in charge of the firm's Greater

China business, while Mr. Tose took care of the rest. Former colleagues say that Mr. Tose's connections with Hong Kong tycoons such as the billionaire developer Li Ka-shing did not count for much when it came to building relationships with mainland companies.

Mr. Leung built Pereg- Bnt be plays rine's most valuable fran- of connection. - underwriting chise ground up.

"I work very hard," Mr. Leung said last month.

"We have the most China shut out from the Japanese Chinese stocks - from the experience," Mr. Leung bond market some Asian gov-

"I am not a boss who sits in edged sword. Connections of

'It isn't easy to find someone like him in the industry. Whenever I have a question, I will look for his advice.'

the office all the time," he that kind won't always said. "I travel to China all the work."

time. Mr. Leung is a native speaker of Cantonese but connections that many other Wall Street firms have sought from ''princelings,' or sons and daughters of senior

Chinese officials. Mr. Leung is a member of the Chinese People's Consultative Conference Beijing, an expert advisory body appointed by the gov-

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Amsterdam, 13 January, 1998

"I don't hire princelings.
Princelings are like a double-

speaker of Cantonese but speaks only so-so Mandarin. the language of Beijing. He said be did not have — or on Samurai bonds — yen-deneed - the sort of Chinese nominated bonds sold in Ja-

gion's currencies tumbled and forced the company to

Peregrine failed after betting it could profit by repackaging a \$265 million stake in an Indonesian taxi company as bonds and selling them to U.S. and European investors. That stake amounting to a third of Peregrine's shareholder finds plunged in value as the re-

Peregrine's default could

emments and companies that

already are reeling from a

sharp rise in the cost of bor-

rowing money abroad, some

bankers and fund managers

declare bankruptcy.
'Essentially it's a default situation," said Makoto pan by foreign companies and governments — Bloomberg pan Bond Research Institute.



1997 CONSOLIDATED SALES Worldwide positions

■ Samurai Bond Default

As % of Total sales 1997/1996 millions) 25 2,988 Other European countries .. 3,352 28 2,959 25 Other countries. 22 2,523 + 35 .. 11,822 100

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A Sweep by Russia

SKATING Alexei Yagudin led a Russian sweep of the top three places in the men's short program at the European figure skating

championships on Wednesday. Yagudin, 17, skated last and gave a superb display to Russian gypsy music that earned him top marks from all nine judges.

Alexander Abt, a 21-year-old late replacement for an injured compariot, Ilya Kulik, grabbed second ahead of Evgeny Plushenko, 15, the world junior champion. The medals will be decided in Thursday's free program.

Portuguese GP Canceled

FORMULA ONE The Portuguese Grand Prix, set for Oct. 11, was dropped from the 1998 world championship calendar Wednesday. Motor racing's ruling body, FIA, said safety work would not be completed within a specified time limit. FIA did not say which country would replace Portugal on the schedule. South Africa and China

are the candidates.

The Belgian Grand Prix, which will take place only if there are guarantees that the country's tobacco advertising ban will not apply to the race, remains in doubt. FIA extended its deadline for a decision until Feb. 15. (Reuters)

Australians Beat Kiwis

CRICKET Australia thrashed New Zealand by 131 runs in Sydney on Wednesday to clinch a place in the World Series Cup final. Australia made 250 all out before routing New Zealand for 119.

 Sachin Tendulkar lashed 95 from 87 balls Wednesday to give India to an eight-wicket win over Pakistan in the first match of the best-of-three Independence Cup final in Dhaka, Bangladesh, Pakistan batted first and reached 212 for eight wickets in its 46 overs. India reached 213 for two in 37.1 overs. • In Colombo, Zimbabwe

reached 251 for 9 wickets oo the first day of the second test against Sri Lanka. (Reuters, AP)

Court Ban for Venables

SOCCER Terry Venables, the former England manager who now coaches Australia's national team, was banned Wednesday from bolding company directorships in Britain for seven years.

Venables admitted to or did oot contest 19 specific allegations of serious misconduct made against him by the Department of Trade and Indostry. The case arose from his alleged mismanagement at Tottenham Hotspur soccer clnb. Scribes West, a London nightclub partly owned by Venables, and another company, Edenote. (Reuters)

Elway's Dilemma

FOOTBALL John Elway, the quarterback for the Snper Bowl bound Denver Broncos, is trying to become less superstitious.

"I had so many superstitions they became a pain," he said. "I would wear socks on the same

Asked bow be knew which sock belonged on which foot, he said;
"That's where it really gets
hard."
(LAT)

WORLD ROUNDUP 4 Chinese Swimmers **Fail Tests for Doping**

Quartet Suspended From Championships

PERTH, Australia - China's reputation in world swimming lay in tatters Wednesday after FINA, the sport's governing body, announced that four Chinese swimmers had tested positive for triamterene, a diuretic, and have been suspended from the championships pending results of their B tests.

The samples were collected Jan. 8 while the team was preparing for the world championships

The results were announced at the same time as bans of four years for swimmer Yuan Yuan and 15 years for coach Zhou Zhewen. The two were caught with human growth hormone in their luggage by customs officers at Sydney airport last week. Zhewen said he had packed the substances to bring to a friend in Australia.

The diuretics quartet comprises three

17-year-old women, Wang Luna, Cai Huijue and Zhang Yi, and one 18-year-old man, Wang Wei. Two have already swum at these championships and neither managed to make a final.

Deryk Snelling, the British team's performance director, said the tests pointed to systematic drug abuse by China. "You can get isolated incidents with

any country at any time," said Snelling.
"But this is not an isolated incident —it is systematic abuse. I am not a chemist, but China must be faced with a suspension after this.'

The samples were collected the morning after drug testers were refused access to China's swimmers because they lacked the suitable accreditation.

On the night of the 7th people showed up to test the Chinese and they did not submit to testing because they: did not believe it was a FINA sanctioned test." said Jon Urbanchek, a U.S. coach. "The next day FINA turned up in their jackets with their official badges and did the testing. During the night they've obviously given these to the kids as a

"I almost feel acrry for these Chinese kids. They want a life, they want to get out. They realize the communist system doesn't work and the kids are risking everything to get a way out."

Diuretics are sometimes used by athletes to reduce weight quickly. They are also used to reduce the concentration of drugs in urine in an attempt to flush drugs from the system.

Wang Luna was ranked No. 2 in the world for the 200-meter freestyle but missed the final. She raced Wednesday in the 400-meter heats but missed the final despite a world No. 4 ranking. Cai Hnijue is ranked No. 5 in the 100-meter butterfly and Zhang Yi is No. 4 in

the 100-meter breaststroke and No. 3 in the 200-meter breaststroke. Chinese officials said on arrival that

the team was clean of drugs.
"It tells you what bloody liars they are," said Don Talbot, the Australian

He said China should be kicked out of the championships. They should not compete anymore

at this meet. The medals should be re-turned or taken back," Talbot said. Novo Nordisk, a Danish pharmaceut-ical group, said it produced the human growth hormone found at Sydney airport. Anders Rosbo, a company spokes-man, said that it sold Norditropin to a Chinese state-owned import company and that it was intended for hospitals in

The substance "should only be given to children with hormone deficiencies," Rosbo said.

FINA also announced a four-year ban on Olena Lapunova, a Ukrainian swimmer, for testing positive to a metabolite on Nov. 15 last year. She was given a conditional approval to return on probation in six months.

Scott Miller, an Australian, was suspended for two mooths for testing positive to marijuana on Sept. 22 last year.



Starting a 100-meter backstroke heat, from top: Ellie Overton of Australia, Fabiola Molina of Brazil, Roxanna Maracineanu of France, Mai Nakamura of Japan, Sandra Voelker of Germany and Yulia Fomenko of Russia.

TV Accord A Gold Mine For NFL **Franchises**

Washington Post Service The National Football League's eight-year, \$17.6 billion U.S. television deal will earn each franchise \$80 mil-

hion a year.

ABC and ESPN, the cable sports broadcaster, both owned by Walt Disney Co., will pay the NFL a combined \$1.15 billion a year — a total of \$9.2 billion over the course of the contract—billion over the course of the contract for the broadcast rights to Monday Night Fnotball and one Sunday night game every week.

ABC will also get three Super Bowls
—the first in 2000 — and the annual Pro
Bowl game for \$550 million a yest.

Madison Avenue doubts networks will recoup investment. Page 13.

ESPN will pay \$600 million a year for a package of 18 regular-season games a year and exclusive coverage of the NFL draft of college players.

Combined with record prices paid by the Fox network for the National Foother!

the Fox network for the National Pub-ball Conference package (\$4.4 billion over eight years) and by CBS for the American Football Conference package (\$4 billion), the NFL essentially will double the amount of money it earned yearly from the four-year, \$4.4 billion deal that express after this season.

deal that expires after this season.

The league also has the right in all new contracts to reopen the deals after five years, increasing the dollar value for the final three years had been always as the form of the season. final three years before the agreement runs out following the 2005 season.

The major beneficiaries of the telescope and the season and the season are season.

vision windfall will be club owners and players. Under the terms of the NFL's last contract, teams each earned about \$40 million a year. That total will now double to about \$80 million a year, easily the richest contract in the history of sports.

Under terms of the NFL's collectivebargaining agreement with the NFL Playsers Association, each of the 30 teams was allotted a \$41.5 million player payroll ceiling — or salary cap — in 1997.

A league spokesman said Tuesday

that it was too early to determine what the cap would be in 1998. But owners were to meet Wednesday in Los Angeles to discuss the issue and establish the cap. Some forecasts have indicated that it could go up by about \$10 million this season, meaning that many teams will have more money to acquire players.

The televisioo deal also will have a significant impact on increasing the market value of every NFL franchise.

Popov Holds Off Rivals to Keep Freestyle Gold "He's a true champion. It's his event



Alexander Popov smiling at Michael Klim after the 100-meter freestyle.

Michael Klim on Wednesday to win the 100-meter freestyle gold at the World whot The Russian appears to be back at his swimming championships here.

Popov, a four-time Olympic gold made the turn first and was never seriously threatened by Klim. Both are conched by Gennadi Touretski of Russia and train together at the Australian Institute of Sport in Canberra.

Popov is attempting to become the first man to win a 50- and 100-meter double at successive world titles. He achieved the Olympic double for the second consecutive time at Atlanta. The 50-meter race will be held Sanırday.

"I'm exhausted but not ecstatic," Popov said. "It was a usual victory, nothing spectacular."

Popov finished in 48.93 seconds while Klim, who won the 200-meter freestyle and was a member of the winning 4-x-200-meter relay team, was second in 49.20. Lars Frolander of

Sweden was third in 49.53. Popov, 26, joins Matt Biondi of the United States as the only swimmer to successfully defend a men's world 100meter freestyle title in the 25-year history of the championships.

PERTH, Australia — Alex Popov of and he really deserves it, Klim said. I Russia beat his Australian training mate might have to wait for the next gen-

best after being seriously injured in a Moscow knife attack shortly after the medalist, took the lead from the start, made the turn first and was never se-June 1994 at Monte Carlo. Chen Yan of China won her second

gold medal of the meet when she claimed the women's 400-meter freestyle. Lea Maurer of the United States won gold in the women's 100-meter backstroke.

In other finals Wednesday, Denys Sylantyev of the Ukraine won the men's 200-meter butterfly ahead of Franck Esposito of France and the American Tom Malchow. The United States won the women's 400-meter freestyle relay ahead of Germany and Australia.

Chen clocked 4 minutes, 06.72 seconds in the 400 while Brooke Bennett of the United States, who led through 300 meters, was second in 4:07.07. Dagmar Hase of Germany was third in 4:08.82.

Chen gave China its only other pool gold so far when she took out the 400-meter individual medley event on Mon-

Boxing Guru To 21 World **Champions** Takes Count

The Associated Press
NEW YORK — Eddie Futch

was a teacher who expected his students to pay attention, even if they were champions of the world.

One day in a gym when Marlon Starling, a former WBA-WBC champion, wasn't listening, Futch told him, "Marlon, a lot of good fighters have listened."

Futch retired this week. He trained a lot of top fighters in 66 years in boxing, including 21 world-champions, and he trained a lot of good trainers. was a teacher who expected his

IT INCHES

good trainers.

"He's a great guy and an bonest guy," said Joe Frazier, one of six; heavyweight champions Futch worked with. The other five heavyweight champions be trained were Larry Holmes, Ken Norton, Trevor Berbick, Michael Spinks and Riddick Bowe.

"I wasn't feeling good," Futch,
86, said Tuesday from his home in
Las Vegas. "I just couldn't get
things going. Physically, I'm fine,
but I'm just not with it any

The last fighter Futch trained was Brandon Mitchum, a 20-year-old junior middleweight.

'I told Brandon if the time:

comes when you need advice, just call me," Futch said.

Frazier, who turned 54 oo Monday, said of Futch: "I want that. bottle he has, the one that made him live so long and made him contribute.'

Futch started to train Frazier in 1966. In 1975, he stopped Frazier's challenge against Muhammad Ali after 14 rounds in Manila, although Futch thought Frazier was ahead at the time. Officially, Ali had the fight clinched when it was stopped.

Frazier's eyes were swollen and he was virtually blind when Futch halted the bout. "There isn't" enough money in the world to let him get hurt," he said. The first champion Futch trained

was Don Jordan, who held the wel-terweight title from 1958 to 1960. The last was Wayne McCullough, who lost the WBC super bantamweight title last year.

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Davenport Stays Course As Seeds Crash in Sydney

SYDNEY — After five rain delays, five and a half hours, a couple of crossword puzzles and too much tedious ten-nis, Lindsay Davenport finally beat Anna Kournikova at the Sydney International on Wednesday.

"You can't get into a rhythm," said Daveaport, the No. 2 seed, after her 6-2, 6-7 (7-4), 6-3 victory. "One time we came back, it was dead still. The next time it was incredibly windy. . The conditions were down Kourni-

kova, 16, which might explain why she thought the match lasted even longer than it did. "It's the first match I ever played seven and a half hours," she said. "She definitely has more experience with matches like this, with seven or eight rain delays. I think I got tired waiting

around so long." Three more seeded women tumbled out in the second round - leaving only Davenport, No. 2, and Arantxa Sanchez Vicario, No. 5. Natasha Zvereva beat Amanda Coetzer, seeded No. 3, 6-7 (7-5), 6-3, 7-5; Ai Sugiyama upset Conchita Martinez, No. 6, 7-6 (7-0), 6-3, and Serena Williams reached the quarterfinals when Sandrine Testud, seeded No. 7, retired because of tendinitis in her left

knee while trailing 7-6 (7-5), 3-0. In the men's matches, Michael Tebbutt ended the sizzling run of his 16year-old Australian compariot, Lleyton Hewitt, 5-7, 6-3, 7-5. Hewitt, who won the Australian Men's Hardcourt Championships in

Adelaide last week, served for the match with a 5-3 lead. Hewitt said he'll play

both the Juniors and seniors at the Aus-

tralian Open, and try to make the transition to the senior tour this year.

• It was also windy in Melbourne where Pete Sampras lost to Gustavo Kuerten in the Colonial Classic, 3-6, 6-3, 6-4. Andrei Agassi beat Thomas Muster, 6-4, 6-0, in a clash of two former world number ones.

Knerten, the French Open champion, adapted to the wind and followed up some fine serving with excellent vol-leys. Sampras led by one set and 3-1 but began to make errors against Koerten's constant pressure at the net.



Lindsay Davenport returning during her defeat of Anna Kournikova.

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SPORTS

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Army to Arm Sonics Not So Super Chiapas Polic Next to Jordan & Co. Rodman Aid in Bulls' Victory

Michael Jordan scored 40 points and the champion Chicago Bulls brushed the champion Chicago Bulls brushed aside the Seartle SuperSonics, 101-91. wating one be Scottie Pippen, playing his second game after missing the first 2½ months A Vent old Te

NBA ROUNDUP

of the season while recovering from foot surgery, had 11 points and 6 rebounds surgery, had 21 points and 6 rebounds surgery, had 11 post Bulls (26-11).

for the host Bulls (20-11).

Seattle (29-8) still has the best record in the league despite its first two-game in the league despite its first two-game.

in the league despite its rust two-game.

lesing streak of the season.

"With a team like that, it's hard to make statements," Jordan said after the game Tuesday night. "But we feel that if we had our team intact all season long if we had our team intact all season long." if we had our team in the record."

paniched when the best record.

Dennis Rodman had 17 rebounds for the Bulls, who won their 15th consecutive home game and are 14-2 over the last month.

Linding mbrach Chicago led, 56-46, at halftime. Jordan har thild state then scored the Bulls' first five points of the scored belf and Seattle never got the second half, and Seattle never got

within 10 points the rest of the way.

The best record doesn't mean any. thing right now," said the Bulls' Ron Harper. "It's not like we want to get something that they have. They want something that we have — those five big championships. They want those

This country rings."

Gary Payton scored 22 points and Vin

Gary Payton scored as a big Baker had 21 for Seanle.

"Yes, everyone saw this as a big have to move on," He said to game, but we just have to move on."

Baker said. "I wouldn't be surprised if this comes out to be the finals. We're this comes out to be the West, and they playing the best in the West, and they ire in the East."

Magic 98, Nuggets 94 While the Bulls were demonstrating they are the best team in the NBA, the Denver Nuggets were showing that they are still the

The Nuggets lost their 17th straight game and dropped to 2-32 overall. Denver as not won since Nov. 28. A Denver forward, LaPhonso Ellis, said: "We just have to tighten up our defense and make the proper adjustments during the

Horace Grant had 20 points and 11 rebounds for Orlando. Gerald Wilkins, who scored only two points in the first three quarters, had nine in the fourth to keep the Magic ahead.

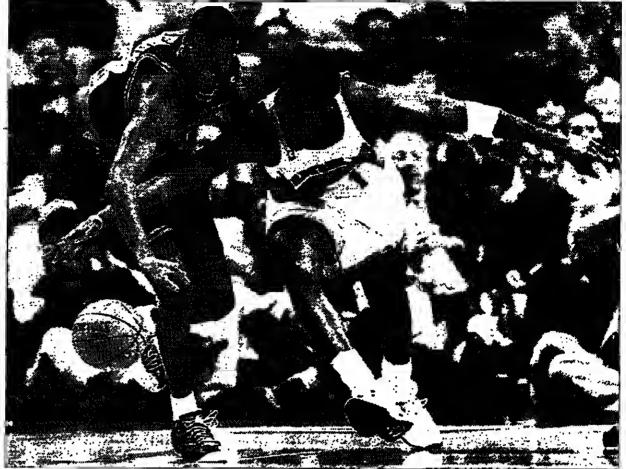
est 76, Trail Blazers 62 Portland was held to its lowest point total ever and lost

its fifth straight game. The Trail Blazers made a franchiselow 22 field goals, just three more than the NBA record. Portland broke the team mark of 69 points set Jan. 2 in a loss at San Antonio.

Jamal Mashburn scored 1g points for visiting Miami, which woo despite shooting 2-for-19 in the fourth quarter.
76ers 107, Grizzies 89 Tim Thomas scored a season-high 23 points as Philadelphia sent Vancouver to its 11th

straight loss. The 18-point victory was the 76ers' largest in their two seasons at the CoreStates Center. Shareef Abdur-Rahim bad 23 points for the Grizzlies. Cavaliers 102, Sons 84 Derek Andersoo scored six points in a 63-second span of the fourth quarter as Cleveland

romped at Phoenix. Zydrunas Ilgauskas had 23 points and 16 rebounds as the Cavaliers stopped a three-game losing streak. Cleveland led, 86-79, before Anderson's late burst.



The Cavaliers' Derek Anderson, left, and the Suns' Cedric Ceballos battling for a loose ball in the first period.

Hawks 91, Knicks 89 Steve Smith backed up his boast, scoring 35 points and hitting a running 10-footer with 2.6 seconds left that lifted Atlanta at Madison Square Garden. After New York won by 21 points at Atlanta in November, Smith promised the result in the rematch would be different, Smith shot 14-for-22, taking almost nothing but jumpers as the Hawks won their fourth in a row. John Starks made six 3-pointers and scored 34 points for the Knicks.

Spure 97, Calties 88 David Robinson had 36 points and 11 rebounds as vispoints each. Glen Rice, the Hornets' top iting San Antonio won for the 14th time in 16 games.

Boston matched its longest losing streak of the season at five. The Celtics have not led in any of their last four

Note 81, Hornets 68 Kendall Gill scored 15 of his 19 points in a key second-quarter stretch and New Jersey won at Charlotte. Jayson Williams and

ENGLISH F.A. CO

THIRD ROUND with Q. Huddersfield 1

points each. Glen Rice, the Hornets' top scorer, was held to 10 points on 3-for-17 shooting.

Rockets 100, Mavericks 87 In Houston, Kevin Willis had 30 points and the Rockets ended a three-game losing streak. Dallas has lost 18 of its last 19 games, its only victory in that stretch coming against Denver, Houston trailed, 41-37. at halftime and didn't regain the lead until Willis led a 20-9 third-quarter run.

96.237.5, Kosia Kulesza and Jacinthe Tallien.

TENNIS

AUSTRALIAN OPEN MELBOURNE, FROM JAN, 19 MEN'S SEEDS

Pele Sampros, U.S.
 Patrick Raiter, Australia

3. Michael Chong, U.S. 4. Jonus Bjorkman, Sweden 5. Greg Rusedaki, Bettoin

6. Petr Korda, Czech Republic 7. Carlos Moya, Spain 8. Thomas Muster, Austria

9. Marcelo Rios, Chile

12. Gustava Kuerten, Brazil 13. Garan Ivanisevic, Creati

16. Albert Costo, Spoin

15. Mark Philippoussis, Australi

Mortina Hingls. Switzerland
 Lindsay Davenpart. U.S.
 Amanda Coetzer, South Africa
 Iva Majoll. Croatia

5. Many Pierce, France 6. Irina Spirica, Romania 7. Arantsa Sanchez Vicario, Spoin

8. Conchito Mortinez, Spoi

WOMEN'S SHED!

12. Alex Cor

Bounces Go Capitals' Way In a Shutout

The Associated Press

WASHINGTON - Goalie Olaf Kolzig of the Washington Capitals gained his 20th victory of the season six more than he had in his entire National Hockey League career before this season - as he shut out the Ottawa Senators, 4-0.

In addition to Kolzig, the Capitals needed a few lucky bounces in Tuesday

night's only game.

Andrew Brucette scored twice to make it eight goals in eight games since he was recalled from Portland.

The first one fluttered in off his hip, and the second was a gift rebound after a shot went off the post

"I guess I was lucky," he said, "but I'll take them any way I can."

Brunette had only seven career goals in spot call-ups over two seasons before he arrived for his latest NHL stint last

The Senators had outscored the Capitals by a combined 23-4 over their previous half-dozen games, with Ron Tugnutt's goals-against average at 0.67

over the stretch. This time, Tugnutt was replaced early in the second period after giving up his third goal in 14 shots — one was the shot off Brunette's hip, and another was banked in by Steve Konowalchuk off a Senator's skate.

'Two of those shots weren't even on net," Tugnutt said. "One of those nights, I guess. Really, I had no breaks at

Peter Bondra scored bis 28th goal of the season and Konowalchuk netted his fourth for the Capitals, who have won

three of their last four games.

Adam Oates got his 36th assist for the

SCOREBOARD

BASKETBALL MAJOR COLLEGE SCORES

the bar Magnitucky 91, South Corolina 70 Purdue 68, Minois 58 Connecticut 80, Seton Hall 59 THE Providence 76. Syrocuse 64 Clemson 86. Florida State 65 Rhode Island 84, La Salle 73

are and to ag 🕳

M: Zehlle.

: 1.4. 2 N.C. Charlotte 66, Marquette 53

THE AP Top 25 100 ** Top 25 teems in Associated Press' man's baylathall poll, with first-place votes in paramiteses, records through Jan. 11, total points been on 25 points for first-place vote; through one point for 25th-place vote,

Pis Pvs 1,748 1 1,676 2 1,527 4 1/512 3 5on Antonio 1,431 5 1,600 4 7 1,195 1 1,011 6 Ministra 1,794 8 Artzono

Kentucky
Instantoni

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Domine

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S. New Mexico

Venceuver 31 22 13 22—89 Philodelphia 27 32 22 25—197 V: Abdur-Rohim 9-21 5-723, Reeves 9-123S21; P: Thomas 8-14 6-723, Rutistt 8-92-4 18. Rebounds—Vancouver 50 (Thomes Reeves 10), Philodelphia 59 (Coleman, Marchaelphia 20) **NBA STANDINGS** L Pct GB 11 ,686 -16 ,556 49, 16 ,556 49, 17 ,541 5, 19 ,500 69, 19 ,457 8, 22 ,303 13

29 8 784 — 27 9 750 114 22 12 647 59 19 16 543 9 16 21 432 13 9 28 243 20 7 26 212 20

Weatherspoon 101. Assists—Vancouver 23
(Daniels 6), Priliadelphia 30 (Iverson 10),
New Jersey 25 28 15 13—81
Charlotte 23 14 13 18—69
N.L. J.Wintonts 9-12 5-6 23. Doughas 8-16
6-723; C. Mason 5-195-7 15, T.Williams 5-81-5
11. Responds—New Jersey 43 (J.Williams
14), Charlotte 51 (Mason 11), Assists—New
Least 18 (Counter 11), Charlotte 19 (Mason 11)

14), Charlotte 51 (Mason 11), Assists—New Jersey 19 (Douglos 11), Charlotte 19 (Wesley 4).

Sentitle 30 14 21 24— 97 Chicage 29 27 25 19—101 S: Payton 7-17-8-22, Baker 9-16-2-12-21; C: Jordon 12-27 16-18 40, Pippen 3-15 5-6 11. Rahounds—Seatitle 47 (Boker 7), Chicage 63 (Radman 17), Assists—Seatitle 12 (Payton 9), Chicage 64 (Botton 16).

Orionde 25 25 22 26— 98*
Degreer 24 17 24 17— 84
O: Grant 9-15 2-2 20, Price 5-8 2-2 15; D:
LETTE 6-10 4-4 16, Garrett 6-12 3-4 15.
Rebeunds—Orionda 39 (Grant 11), Degreer 31
(LETTE 5). Assists—Orionda 27 (Armstrong

9), Denver 27 (Jockson 10).
Claristed 27 22 28 25—182
Phoenix 18 28 19 19— 84
C. ligauskus 10-14 3-3 23, Henderson 6-10 San Antonio 28 21 26 22— 97
Besten 15 23 28 22— 88
S.A.: Robinson 13-19 10-16 36. Johnson 1115 0-0 22: B: Billipps 5-14 13-15 24. Walker 519 6-6 17. Rebounds—San Antonio 54
(Robinson 11), Boston 49 (Walker 14).
Assists—San Antonio 24 (Johnson 11).
Boston 9 (Billips, Burros Q).
Alliante 14 21 22 24—91
New York 12 26 21 38—99
A: Smith 14-22 6-635. Reconser 6-15 8-821; C igouskus 10-14 3-3 23, Henderson 6-10 5-5 17, Person 7-12 2-2 17; P: Chapmon 7-16 5-6 22, Nosh 6-12 1-1 15. Reboutus — Cerefond 58 (figouskus 16), Phoents 43 (Kidd 10), Assists — Clevelond 22

Phoentx 43 (född 10). Assists—Clevehord 22 (Kright 8), Phoenix 17 (född 6).

Micani 22 22 29 11— 76
Pertiend 22 14 17 12— 68
M: Mochburn 6-10 5-8 18. Herdamory 5-13
4-6 15: P: Waltaco 7-16 3-5 17. Sabanis 3-4 810 14. Rider 6-17 1-2 14. Rebotads—Micani
47 (Mauming, Hardawoy, Milks 6). Parliand
63 (Trent 10). Assists—Micani 15 (Hardaway A: Smith 14-226-635, Reconner 6-158-821; N.Y.: Starks 11-166-834, Johnson 5-12-5-615. 6), Portland 12 (Anderson 5).

ARE YOU KIDDING?

1CE HOCKEY NHL STANDINGS

EASTERN CONFERENCE Peterborovah G. Watsoll 2 West Brom 3, Sloke 1
THIRD ROUND REPLAYS
Bury 1, Sheffield United 2 Ispwich 1, Bristol Rovers 0 Middlesbrough 2, Queens Park Ros Wrexham 2, Wimbledon 3 Scotland

THEAST DEVISION
W L T PES 6F GA
25 16 6 56 142 112
24 14 8 56 129 105
20 16 9 49 112 107
19 21 7 45 111 115
17 24 6 40 117 133
15 20 8 38 101 114 CRICKET COEPENDENCE COP FINAL BIDIA VA, PAKISTAN 212 for eight in 46 overs

India: 213-2 in 37.1 overs.
India won by eight wickets first of three WORLD FIRMS AUSTRALIA VS. NEW XIALAND Australia: 250 all out in 47.5 overs

FIRST DAY, BECOND AND FINAL TEST WEDNESDAY IN COLORGO

GOLF

1. Tiger Woods, U.S., 11.00 point 2. Greg Norman , Australia, 10.7. 3. Emie Els, South Airica, 10.07 4. Nick Price, Zimbobwo 9.91 7. Colin Montgomerie, Scotland, 9.33 B. Jumbo Ozaki, Japan, 8.05 Mark O'Meara, U.S., 8.00 10. Tom Lehman, U.S., 7.85 11. David Duvat, U.S., 7.06 12. Justin Leonard, U.S., 7.0 12. Justin Leonard, U.S., 7.03 13. Steve Ellington, Australia, 14. Brad Faxon, U.S., 6.60

15. Vitay Singh, Fift, 6.51

SWIMMING WORLD CHAMPIONSHIP

WEDNESDAY IN PERTH. AUSTRALIA

1, Alexander Popov, Ressus, 48,93 seconds, 2, Michael Klim, Austroffa, 49,20, 3, Lurs Frol-nider, Sweden, 49,53, 4, Pieter Van Den Hoogenband, Netherlands, 49,59, 5, Gustava Borges, Brazil, 49,52, 6, Alfild Zubor, Hon-gory, 49,82, 7, Chris Fydler, Australia, 49,95, 8, Scott Tucker, U.S., 50,36,

Scott Tucker, U.S., 50.26.
20 BUTTERFLY
1, Denys, Sylvarlyov, Ulkraine, 1:56.61. 2, Franck Espesiko, France, 1:56.77. 3, Tom Malchow, U.S., 1:57.26. 4, Tokashi Yamtung, Japan, 1:57.50. 5, James Hickman, Britain, 1:59.57. 7, Han Kyu Chul, South Korea, 2:00.26. Scott Goodman, Australia, disqualitied.

WOMBEL'S FRAGUE

MOMBEL'S FR

WOSHING PARKETS TOKE

1. Lea Mourer, U.S., 1:01.16, 2, Mal Nokomura, Japan, 1:01,28, 3, Sondra Voelker, Germany, 1:01,27, 4, Antile Buschschulte, Germany, 1:01,81, 5, Beth Botstort, U.S., 1:02,31, 6, Roxonay Marrichaeurs, France, 1:02,40, 7, Noriko Inada, Japan, 1:02,58, 8, He Cittory, Chen, 1:02

aud FRIERSTYLE

1, Chen Yan, China, 406.72. 2, Brooke Bennett, U.S., 4:07,07.3, Dogmar Hose, Germany, 4:08.82. 4. Kasten Vileghula, Netherlands, 4:09.14. 5, Julio Greville, Australia, 4:11.59. 6, Diana Manz, U.S., 4:11.70. 7, Jona Henke, Germany, 4:11.92. B. Claudia Poli, Casta Rica, 4:12.08.

4:12.08.:

4:00 FREESTYLE RELAY

1, U.S. (Lindsey Forella, Amy Van Dyken,
B.J. Bedford, Jenny Thompson), 3:42.11. 2,
Germany (Sundra Voelker, Franziska Van
Almsick, Simone Dayous, Kofrin Meissner),
3:43.11. 3. Australia (Sarah Ryan, Rebecca
Croody, Susie O'Nelli, Angle Kennedy),
3:43.71. 4, Sweden, 3:44.28. 5, Neitherlands,
3:44.46. Canada, 3:44.90. 7, Brilain, 3:45.30.

1), Chien, 3:47.39.

1, Olgo Brousniitina and Olgo Sedatava, Russia, 99.073 points. 2, Miya Tachinaba and Miho Takeda. Japan. 98.060. 3. Virginie Dedieu and Myriam Lignol, France, 97.323. 4.

Q China 3,47,39.

CALVIN AND HOBBES

Canada, 95.899, 6. L.I Min and Long Yor. China, 94.667. 7. Lillian Leal and Erika Leal Mexico. 94.224. B. Glada Ballan and Serana BASTRALL Blanchi, Maly, 94,039, 9, Yoo Na-Mi and Jane Yoon-Kyeong, South Korea, 93,087, 10, Rahel Hobi and Madeleine Perk, Switzerland, 91,573, 11, Gemma Menguel and Irina Ro-driguez, Spain, 91,170, 12, Iris Sentrop and

AMERICAN LEAGUE
BALTIMORE—Named Corlos Bernhard

TRANSITIONS

NEW YORK—Agreed in terms with RHP Jeff

MEW Yorks—Agreed in terms with RHP Jeff
Neban on 3-year contract,
TAMPA BAY—Signed Chuck LoMar, seeker
vice president for baseball operations, to o
five-year contract, through 2002.

ATLANTA—Invited LHP Adom Burker, LHP
Green Dishman, LHP Odatiz Perez, RHP
Rudy Seanez, C Marcus Hanel, C Mike Mahoney, C Fousto Tejers, INF Abork DeRosa,
INF Ray Tolbert and INF Marky Malloy to
spring training.
HOUSTON—Agreed to terms with 3B Soon
Berry on 1-year contract.

NEW YORK—Agreed to terms with RHP
Masuta Yeshia On 1-year contract.

MEM TORK—Agreed to terms with RHP
Masuta Yeshia On 1-year contract.

NATIONAL BASKETBALL ASSOCIATION

ORLANDO-Activated G Nick Anderson from injured list. Put F Johnny Taylor on PHILADELPHIA—Put F Kobs Stewart on in-SAN ANTONIO-Activated G Vinny Del Ne

pro from injured list. Put F Motile Ros

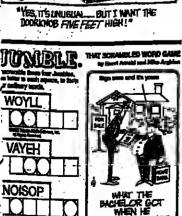
NATIONAL HOCKEY LEAGUE
FLORIDA—Sent II Wes Swinson, O Mike
O'Grady and LW David Duerden to Fort
Wayne, IHL
M.Y. ISLANDERS—Assigned G Eric Fichood
to Utah, IHL
MADERS—Decolled G Scott Leagues (Sec.

-Recalled & Scott Langkow from PHOENIX—Recal Springfield, AHL VANCOUVER—Put II Enrico Ciccone on in-jured list. Receiled LW Larry Couvelle from Synthese, AHL. Assigned II Bert Robertson and LW Lonny Bohonos to Synthese.

MIAMI, OHIO—Announced freshmon F-C Joy Lockier has been ruled academically incligible for second semester. Okey has decided to leave basketball team.

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Othere 8 0 6-0
Washington 2 2 6-4
1st Period: W-Brunette 7 (Gonchar, Krygler)
2. W-Bondru 28 (Ootes) 2d Period: W-Konewschuk 4 (Bibls, Zednik) 4, W-Brunette 8 (Krygler, Johansson) (pp). 3d Period: None. Sirots on goat 0-8-9-7-24. W-12-6-25.

SOCCER

SPANISH CUP







THIS ONE'S A DOG HAIR

HE CAME TO

OOPS, WHAT WAS

SIGN HIS WORK



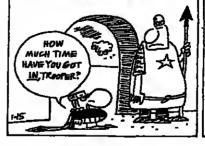








WIZARD of ID









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Obviously foolproof or they wouldn't have bought it, has profiles of what types of passengers are most likely to cause havoc on airplane.

This method of screening the flying public could be an invasion of personal rights, but anyone who has bought an airline ticket knows that the carrier's computers never make mistakes. (Joke)

In the past, whenever I was about to take a flight, I was asked to produce photographic identification (a driver's hcense or a library card). Then I was asked if I had packed my bags myself, and if they had

pose, God forbid, a person had and even claimed they were in ID back with him. his possession at all times?

has never happened. "We decode," one told me. "If anying terrorists guessing which one says that he packed his detector to pass through.

ASHINGTON — own bags and we later toung out that he didn't, we would be him from ever going from your airlines. They plan bar him from ever going to use computers that screen through a metal detector

> "But suppose he tried to go through security with an atomic bomb-laden bag given to him hy another person at

"We have specially trained dogs to sniff out people who haven't packed their own bags. Only last week we caught a man whose wife had packed his bag for him. He told us that he had done it. While there was nothing dangerous in these bags, we decided to teach him a lesson hy tying him to a baggage cooveyor belt so that he'd miss his plane.

"I would hate to fly if you weren't protecting me. Do you ever come across anvone whose driver's license has ex-

"Once in a while. You know it's a capital offense to try to use identification that is been solely in my possession at all times since I left the bouse. passenger only last week who passenger only last week who couldn't produce his license Obviously, I always replied in the affirmative.

The last time I did this the cated. It turned out he owed thought occurred to me - sup- \$1,200 in parking fines. We couldn't let him through bea false driver's license and per- cause we had no idea who he jured himself when he said that was. We made him return to he had packed his own bags traffic court and bring a photo

is possession at all times? The other part of airline
Now I am oot saying that a security that bothers me is terrorist would do such a that some metal detectors thing, but let's suppose for will not let out a signal even if argument's sake that he did. How would the security pan. Others will go off if you people know if he was lying? only have a safety pin stuck The people manning the on your underwear. Why the security gates will tell you it discrepancy? There is oo answer. My own hunch is that pend on the hijacker's honor it's the airlines' way of keepBy Stephen Farber New York Times Service

NEW YORK — Horror films have waxed and waned in popularity over the last 70 years, but the genre has proved almost as indestructible as the monsters who populate its haunted castles and subterranean tombs.

At the moment, horror is on the rise again, though some of the purveyors of the new breed of horror movies will go to almost any length to avoid the label.

"I don't like to describe it as a horror film," said Charles Roven as he talked about the new movie 'Fallen,' which he produced.

That film, which opens Friday in the United States, stars Denzel Washingtoo as a police detective who helps to capture a vicious serial killer and is present at his execution. When other murders with the killer's signature occur, the detective first suspects a copycat but then realizes that the dead man was possessed by a demon that is still alive and is entering the bodies of other people to perpetuate a fright-

ening chain of evil. Why are the people who made "Fallen" (it was directed by Gregory Hoblit and written hy Nicholas Kazan) reluctant to describe their movie, which sounds like a cross between "Seven" and 'The Exorcist,' as a horror film?

"I think that term may hurt us in the marketplace," Roveo replied. "It may seem ironic, considering the enormous success of 'Scream 2. But that movie, like most horror movies, played to a younger audieoce. Because we're hoping to have a hroader demographic, we don't want to be labeled a horror film. I'd rather call 'Fallen' a su-

pernatural thriller." Call it what you will, hut the have supernatural overtones, and if the primary aim of a horror film is terrify its audiences, then

'Fallen" fits the hill.

ness about the term "horror" may have something to do with the debasement of the geme in recent years, after an onslaught of lurid movies

with slashers in ski masks. "There is so much stigma attached to the genre," said Wes Craven, the director of the original "Nightmare on Elm Street" as well as "Scream" and "Scream 2."

'As soon as someone says horror film, usually the next terms are schlockmeister or slashmeister. I doo't mind if my movies are called horror films hy people who love the genre, but if people look down on it, then I'd rather just say I make Wes Craven movies.

In the last decade, most horror movies were sequels or cheap imitations of "Halloween," "Friday the 13th" and "Nightmarc on Elm Street," and their audiences began to dwindle. Bot the huge success of "Scream" (1996) and its sequel, as well as the recent hit "I Know What You Did Last Summer," another movie written by Kevin Williamson, the author of the "Scream" movies, has revitalized the genre.

"The genre was dying and ream" saved it," said 'Scream' George Romero, the director of "Night of the Living Dead," a cult subtlety and suggestion rather than favorite from 1968. "It's great for grisly special effects.

all of us borror guys." done so well is that they have brought a humorous self-consciousness to the form, focusing on characters who are well versed in about their improbable plots. The had no overt violence. "Scream" movies have honored truth is that many horror films, going back to the earliest "Dracula," the conventions of the genre and mocked them at the same time. "Fallen" takes a different ap-

proach to the challenge of remventing the scary movie. It hopes to "Rosemary's Baby" (1968), which invoke some of the classics of the also eschewed gory details but man-But the producer's squeamish- genre that depended above all on aged to frighten its audience.

Denzel Washington plays a detective in the film "Fallen."

Perhaps the main reason Wise's "The Haunting a transmit evil simply by touching a Scream" and "Scream 2" have playing on television during a transmit evil simply by touching a Scream" and "Scream 2" have playing on television during a transmit evil simply by touching a transmit evil simply by to movie, about a house haunted hy evil spirits, created its mood of dread through sound effects and the lore of horror movies and joke atmospheric cinematography; it

Other precursors to "Fallen" include "The Innocents," Jack Clayton's 1961 version of Henry clude James's ghost story 'The Turn of noted, 'The core audience for horthe Screw,' and Roman Polanski's ror movies is 15- to 20-year-old "Rosemary's Baby" (1968), which guys who want lots of blood and

Following in that tradition, "Fallen" has almost no horrific One of these movies, Robert Grand Guignol images. Its central done to them. That's what this story Wise's "The Haunting" (1963), is cooceit is the idea that a person can suggests when people transmit ovides. nothing more spectacular than a sophical when pondering the battle of wits between two men one human and one soperhuman fighting over a gun.

Will this restraint appeal to the people who usually turn out for horror films - or even for "supernatural thrillers"? As Craven noted, "The core audience for hor-

It remains to he seen, of course,

The New Horror Film: Hold the Blood and Gore whether that audience will find the more subtle chills of "Fallen" satisfying. Trailers for the film have been shown with "Scream 2" and have

drawn enthusiastic responses. "I hope those people won't be disappointed when they see the movie and find that characters actually talk to each other," said Hoblit.

One person who does not object to the label "horror film" is the man who conceived the story for "Fallen". Kazan. His credits encompass many different kinds of movies; he was nominated for an Academy Award for his script of "Reversal of Fortune," the story of Claus von Bulow, and his last project was the 1996 children's fantasy film "Matilda."

But the first script I eves wrote was a horror film." Kazan said. "So I felt at horne." in the genre. You can raisa issues in the horror genre that you can't raise so easily in other types of films. Charact ters can talk about the exist? ence of God in a horror movie whereas in other films that would be incredibly pretent

"In addition, I think the metaphor of touch has great psychological ramifications, I believe most of the damage human beings do is a result of the damage by touching other people."

The director seemed philoquestioo of whether his supernatural thriller would connect with an audience addicted to more

hlatant horror. "I think of that line from 'Field of Dreams': 'If you build it, they will come,' 'Hohlit said. "If you make a good movie with an absorbing story line, you have to trust that people will come. If that isn't the case, then I'm in the wrong

Weeklong Tribute to Slain Actor Symbolizes Rebirth of Jewish Culture in Russia musical parable, "The Journey of Ben-jamin III to the Holy Land," there were no full revivals of his other productions. '30s and '40s, Jews and non-Jews flocked to his theater. His "King Lear," per-no full revivals of his other productions. '30s and '40s, Jews and non-Jews flocked to his theater. His "King Lear," per-formed in Yiddish, was legendary. Mik-known as the KGB. Thirteen of the 15 The sheer size of the festival, the

By Alessandra Stanley New York Times Service

the Soviet Union.

At midnight Monday, some of Russia's most famous Jewish and non-Jewish artists and performers held a candle- he said. "They are remembered only for light vigil at the Rossiya Concert Hall in Mikhoels's memory — the finale of an extraordinary weeklong tribute that was star-studded concert at the Bolshoi both a celebration and a public act of Theater on Jan. 5 and included evenings of Jewish life and culture in Russia since contrition.

and Soviet silence about it, was one of dozens of artists who performed during

as the Maly Bronnoi Theater.

All week long there were film clips. dozens of artists who performed during the festival. This is repentance for readings, discussion sessions about Mikmany murdered writers and my two grandfathers, who were just discarded,"

ance in the uneasy Russian conscience.

MOSCOW — In the early hours of Viet Jewish figures have been forgotten and eclipsed, said Joshua Rubenstein, actor and theater director Solomon Mikhoels was slain by Stalin's secret police, spelling the death of the Jewish theater in searching a book on the 1952 trial and execution of some of Mikhoels's closest associates. "There is little left to reflect what they achieved or tried to achieve,

their deaths.' "I agree with Solzhenitsyn, we have students (who flew in from Israel) sang

hoels and his work, and myriad concerts and dance performances. "The Diary of Anne Frank" was performed in Moscow

Yiddish theater is an art loog buried and only recently revived in Russia. For whom are you going to perform

it?" said Mikhail Gluz, director of the Shalom Jewish Theater in Moscow, who organized the festival. "Yiddish is not a language known or understood by the vast majority of Russian Jews. Even at our theater we only do Yiddish songs neir deaths."

and dances, because that people can feel
The festival's 17 events began with a without understanding the words."

There has been an enormous revival oo which some of Mikhoels's former communism collapsed, ending statesponsored anti-Semitism. The Mikhoels not repented enough," Yevgeni Yevtushenko said. Yevrushenko, whose fatushenko said. Yevrushenko, whose fathe theater Mikhoels founded, the State of the country's leading artists and mous 1961 poem "Babi Yar" mourned Jewish Theater. Stalin ordered it closed writers and sponsored by some of Rusthe Nazi massacre of Jews in Ukraine in November 1948, and it is now known sia's most influential banks and businesses, was a reflection of that renaissance. But the vast gaps in memory even among Jews here only heighten Mik-hoels's contribution and what he came to symbolize in death.

He created the first Jewish acting stu-Tens of millions died in Stalin's for the first time since the so-called dio two years after the revolution and purges, but the assassination of Mik-Khrushchev thaw in the early 1960s. But with support from the Bolshevik govhocls, who was also regarded as the except for a modern Russian-language erument turned it into the acclaimed State

hoels was a Soviet patriot who believed for a time that he could carve a niche for Jewish culture in the new society.

During World War II, Mikhoels headed the Jewish Anti-Fascist Committee, a propaganda unit of the NKVD, or secret police, that promoted the Soviet war effort among Jews in the West. Mikhoels visited the United States in

'So many served the system and then were destroyed by it.

1943, the first official representative of also tried to help Jews then and later, using his fame and connections.

The Soviet government tolerated the

committee's work during the war, hot in the late 1940s, Stalin, increasingly paranoid and anti-Semitic, turned against it and its leaders. The committee was closed dowo in November 1948. On culture. When we started, even Jews said greatest Shakespearean actor of his gen- adaptation of Mikhoels's staging of a Jewish Theater. Throughout the 1920s, Stalin's order, Mikhoels was killed — to me, keep it small, keep it quiet and

leading members of the committee were tried and executed in 1952.

"It is the tragic paradox of Soviet culture. So many served the system and then were destroyed by it," said Alla Gerber, a writer and former member of the Russian parliament, who was at the show Monday.

The final tribute to Mikhoels was anything but solema, however. In the vast concert hall, the story of Mikhoels's life, presented in sketches by two wellknown actors, was punctuated by variety show dance oumbers and songs, garish purple lighting, dry ice and strobe lights. Along with traditional Jewish songs, there was a strong whiff of Soviet kitsch: a Bolshoi dancer performed the dying Soviet Jews ever to make the trip, and swan scene from "Swan Lake" to the raised millions of dollars for Russia. He crooning of Iosif Kohzoo, a popular also tried to help Jews then and later, singer. Kohzon, who is Jewish, sang 'Shalom Aleichem' and was presented with a special certificate naming him the festival's man of the year.

"The theme is Mikhoels, everything is dedicated to him." Gluz explained. "But the festival is also about Jewish

THE Spice Girls - "five L candy-colored beauties trapped in fashion waste" opped the fashion designer

Mr. Blackwell's annual list

of worst-dressed women. El-

len DeGeneres, star of the TV series "Ellen," placed second. "Cornedy Queen El-

len oeeds to make an overdue

Blackwell chided. Madonna

was third this year. "Let's be hlant," Mr. Blackwell said. "Yesterday's 'Evita' is today's Velveeta." Rounding

ont the top five were the act-

resses Pamela Anderson Lee

("looks like a Martian Venus

The American film director Martin

Scorsese will preside over the jury of the 51st

Cannes film festival, the organizers an-

nounced Wednesday. Scorsese is a fovorite at

the annual festival on the French Riviera,

where seven of his movies have been in

competition over the years. In 1976, "Taxi Driver" won the Golden Palm, and "After

Hours" earned the prize for best direction in

1986. This year's festival will run from May

13 to 24. . . . Clint Eastwood and Michael

Douglas will receive honorary Cesars - the

French film industry's equivalent of the

Oscars - for their work in movies, Eastwood

Pete Peterson, the U.S. ambassador to Vi-

as director and Douglas as actor.

number of famous stars and hig-ticket performances, seemed to appeal to many participants. "For those of us who lived through Soviet times, this kind of gala's unimaginable, said Eduard Topol, a writer of thrillers who moved to New York in the 1980s and returned to give s reading dedicated to Mikhoels. years ago, even five, we could not think that this kind of celebration of Jewish culture could ever happen here."

Monday night's dramatic highlight came in the final tableau of Mikhoels's life. Natalya Gundareva, the actress who played Mikhoels's wife, Anastasi walked to the center of the stage and said "At this exact time, 50 years ago, Solomon Mikhoels was killed." Seconds later, a hlack 1940s Volga drove onto the, stage and to the sound of screeching tires knocked down huge black-and-white. photographs of Mikhoels.

The audience, whose members paid: \$10 to \$25 a ticket, was enthralled. "We all took part in this tragedy, all of us older people took part in this," said-Karnily Levin, a 62-year-old engineer.

"Even though some of us didn't pay with our lives, we were all a part of it."

MILAN MENSWEAR

Sex and the Modern Male: Buttoned-Up and Touchable

By Suzy Menkes International Herald Tribuna

MILAN — With hips swaggering, legs straddled apart in hug-me-tight pants, you knew just what the Gucci model was thinking behind his sleek black shades. And what was on designer Tom Ford's mind. Sex and the modern male is on the agenda of the

fall menswear season. After a period of Plain John fashion — minimalist sportswear cut on straight lines — the peacock male is back. But designers who catch the spirit have a fresh take on sexuality, which is absorbed into the cut or the strokeable fabrics. "It's bottoned-up sex — quite classical," said Ford, even though his own shirts are famously

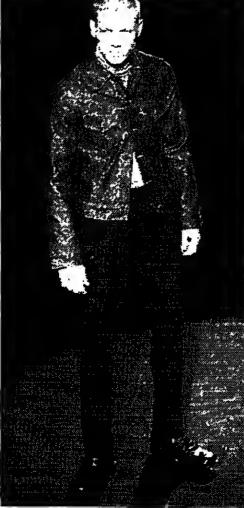
unhuttoned and his runway wit this season included the ultimate hairy chest - encased in fur-trimmed

The Gucci show pulled off a neat trick: showing classic, even familiar, pieces like an iridescent suit or camel coat, hut inserting sportswear and giving all the clothes a spin by focusing on erogenous zones. That meant homing in on the thighs, as cargo pockets were cut sleekly into suede pants, or the pectorals, when a two-way zippered jacket, in glossy, padded leather jacket, opened up and down from the breastbone.

Ford reinvented Gucci's recently despised redand-green canvas webbing as the sexy signature of the season. You are turned on by a man's ankle? Then you will love the hlack denims, cuffed to show a flash of red and green on the inside seam. You like to grab a man by the waist? There was a webbing belt under a soft textured sweater and a tab on the back of jeans. All these individual pieces looked like must-haves for a hip, modern wardrobe, and showed Ford in top form.

Jean Paul Gaultier did Goths, those club scene vampires whose long hair, ghostly pallor and dangling crosses are back in fashion. But for the French designer's second season in Milan, an overall focus on religion gave him a rare chance to play

As a church choir sang and votive candles dripped against a cardinal-red curtain, out at a reverent pace came impeccable suits, in stone gray with lighter was a hologram here, an animal-skin pattern there, and a sudden smoldering of check tweed, but they were fabric effects rather than external distractions.



Gucci's jean jacket and skinny pants.

lapels and cuffs, pinstripes in Gaultier's signature
caffe-latte colors and plain, clerical coats. Sure there
The quirky and subversive Gaultier is recanting?
Precision cutting to the body and dark satanic prints made the show more about sex than saints.

Missoni had drawn a veil over its stained-glass windows of pattern and color. Instead of bright had their usual endearing bohemian clegance.

hues, the weaves were dulled and the signature knits — a hooded jacket or a newly military-style sweater - even came in solid colors, although with patches of tone and texture. Worn under leather iackets or brief dark coats, the subtle palette gave a new urban edge to the clothes and the graphic patterns became city camouflage.

By cutting on lean lines, so that a textured shirt slid into skinny pants and zippers fastened the subty patterned knits, Missoni proved how successfully it is playing the re-generation game.

The American designer Richard Tyler is also turning around Byhlos, integrating soft-to-handle sportswear pieces with youthful tailoring. Other smart mixes: primary yellow, hlue and red splashed on a gray relette and other to hand the sportswear pieces.

on a gray palette, and athletic hooded tops or zippered knits in luxurious fleecy fabrics.

Against all this low-key, modern hipness Gianfranco Ferre's high-voltage collection came as a shock, with its sweeping coats, embroidered leather shirts and jackets with (and evidently for) studs. Luxurious, hravura sportswear is Ferre's thing and a lot of skill goes into creating the fancy finishes oo laminated raincoats, the sweaters with stitches tracking in different directions, the crocodile effects and deep-pile velvets. But that contrasted with the easy simplicity of the active sportswear ranges on still-life display before the show.

If there are still customers around for he-man glamour. Ferre had the ultimate outfit: white jeans with hairy shearling apparently escaping at the

The hedonistic pleasure of touch-me fabrics is a hig story in Milan menswear. Fendi sent out a swashbuckling black oylon coat fully lined with beaver and a long-haired opossum greatcoat.

"Strength and virility - I want everything to feel like a sweater and to take comfort to a luxury level." said Donna Karan as she showed her supple unlined jackets, felted tops with raw edges and super-soft sweaters in boiled cashmere. Karan's fine collection

defined what is sexy and modern in men's fashion: sharp cutting, often by laser, in tactile fabrics.

"Sport conture" was the name Dirk Bikkembergs gave to his sharp-hut-soft sportswear. Showing for the first time in Milan, the Belgian designer made his signatures, from zippers through leather pants and trim knits, seem modern classics.

Romeo Gigli still believes in color and a mix of

etnam has announced plans to marry the Saigon-born Australian diplomat VI Le. Peterson, 62, a widower, returned to Hanoi last year as Washington's first envoy to communist Vietnam. During the war he was beld in the notorious "Hanoi Hilton" prison after his plane was shot down at the North Vietnamese patterns. He must be credited with introducing the velvet suits that are now on every runway. Gigli's capital. Le, a 41-year-old commercial officer



PEOPLE



— in search of a shell"), and Jennifer Tilly ("Tilly the tor-

nado has arrived. She's El Niño — in heels''). Vietnam with her family when she was an Tenth place went to a man: the cross-dressing infant. They eventually settled in Australia, where she became a citizen. rocker Marilyn Manson. ("He looks like Alice Cooper doing 'Rosemary's Baby.' '')

Sir Colin Southgate, chairman of EMI, whose top money earners include the Spice Girls, has been named by Culture Minister Chris Smith to take over the financially trouhled Royal Opera House in London. Lord Chadlington, the previous head of the opera, resigned after a parliamentary committee accused his board of incompetence. The house is. shared by the Royal Opera and the Royal Ballet, which are homeless for two years while the Covent Garden huilding is renovated. ...

Sylvester Stallone made good on a promise he made when his daughter underweot surgery, at 2 months, to repair a bole in her heart. Stallone donated \$200,000 to The Heart of the Child Foundation, which helps youngsters with congenital heart defects. He made the gift, in the name of his daughter, Sophia Rose.

Crown Princess Victoria of Sweden, who was recently confirmed as having an eating disorder, has changed her plans to sindy at Uppsala University and fled to the United States to escape the Swedish press, the palacifor the Australian Embassy in Hanoi, left in Stockholm, said.